COMMENT / *By Stephen H. Axilrod*

The Fed's Inflation Fight Brings Results – and Risks

Markets in the United States have continued to be beset by uncertainties.

First, the bond market becomes convinced by weak retail sales figures that the Federal Reserve will ease. Then unexpectedly strong industrial production figures are published, and the market decides easing may be a long time coming.

Meanwhile, the stock market tentatively reaches new high ground, propelled it would seem mainly by momentum. Then doubts about business profits creep back into consciousness, and the market relapses.

Markets Watching Fed

The markets' backing and filling are connected to the question of how the Federal Reserve will resolve its policy dilemma or, indeed, whether it will.

The dilemma is easily stated. Labor costs seem to be rising about 4½% to 5% a year. Therefore, if the Fed succeeds in reducing price inflation to a significantly slower pace it risks causing a recession as profit erosion forces businesses to cut spending.

I would judge that the Fed is, in fact, making progress on curbing inflation. The latest monthly price figures are still a bit ambiguous. The increases were relatively little but could be interpreted as no more than offsetting unusually high first-quarter increases, leaving the inflation rate for the year to date at an unsatisfactory level.

Surer signs of at least some progress in containing inflation are the weaknesses that have been developing in the housing market and, lately, in consumer spending.

Consumers Inhibit Business

Cautious consumer behavior makes it much more difficult for businesses to pass along price increases. It raises hope that the slowing of price increases in the past month or so might signal a downturn in inflation, after two years of steadily creeping increases.

A good part of the pressure against price increases – asset as well as goods prices – stems from continuing relatively taut monetary policy. The Fed stopped easing in terms of money market interest rates late last year. Its posture in that respect has remained unchanged.

Whether that means overall credit and money conditions have also remained unchanged is yet another question. Apparently, banks and thrifts have tightened lending standards, partly in response to the regulatory situation and partly, and perhaps more important, in response to their own perceptions of the market.

Such an institutional tightening would not necessarily tighten overall credit conditions (compared with what they otherwise would be). If banks and thrifts have become less willing lenders, that should release funds to the market. Banks would bid less aggressively for corporate and other large deposits as well as for overnight funds, but this money would instead flow into market instruments.

Market Can Supply Credit

In that case, a less accommodative institutional environment would tend to be offset by more accommodative market circumstances. And credit conditions would not tighten, overall, except to the extent that some borrowers lacked direct or indirect access to the market.

It remains possible, however, that some overall tightening has occurred in recent months. Growth in all money supply measures weakened perceptibly in the spring, as compared with the winter.

Further weakening in the broadest measure of money, M3, occurred at the initiative of depositary institutions, and the credit was diverted to the market. But markedly slower growth of the narrower measures of money, M1 and M2, from a fairly good first-quarter pace could also reflect constraint on banks' reserve base as the Fed tries to prevent further easing of money market conditions when banks are not such active borrowers.

It is almost impossible in practice and in the short run to determine from money supply figures whether overall credit conditions are tighter than they otherwise would be or were intended to be.

At root, the dilemma is how close to, or how much beyond, the brink of recession the economy must go in order to bring down inflation permanently. The dilemma is even greater when it is not crystal clear how much pressure is being exerted by the central bank, given the difficulty of interpreting money supply figures. □

Mr. Axilrod is vice chairman of Nikko Securities Co., New York.

THE LOBBYISTS

Insurers Threaten To Push Their Views On Bank Legislation

The powerful **Independent Insurance Agents of America** is threatening revenge on the **American Bankers Association** for the its decision to lobby over a bill not directly germane to banking but potentially very damaging to the agents. That's a big no-no, according to IIAA's rule book on lobbying.

Paul Equale

Insurers' have treasured the McCarran-Ferguson Act, an antitrust exemption largely protecting the industry from federal oversight, but the act is under attack in the House and Senate. The ABA has weighed in several times encouraging an end to the act.

In an interview Tuesday, IIAA vice president **Paul Equale** issued a mano-a-mano challenge to ABA. He said he had just gotten off the phone with the ABA's chief lobbyist, **Edward L. Yingling,** to complain about ABA efforts to repeal McCarran-Ferguson.

"The ABA lobbying is gratuitous, and I do not see their direct interest in repealing McCarran-Ferguson," Mr. Equale said. "Being the political cynics we are, we see it as banks' efforts to punish us for effective lobbying on the bank powers issue.

"I told Yingling the interesting thing about lighting a legislative backfire is that the winds can change and burn your own house down."

Mr. Yingling confirmed the conversation with Mr. Equale but said the ABA had been urging repeal of McCarran-Ferguson for years and there now appears to be legislative momentum.

The ABA lobbyist said that because banks now compete directly with the insurance industry on both sides of the balance sheet, it is perfectly appropriate for banks to push for federal oversight of the insurance industry.

One one hand, Mr. Yingling said, the insurance agents are arguing on the Hill that federal laws should not interfere with the states' governance of insurance activities. On the other hand, he said, the agents are lobbying for federal overrides of state laws letting banks into the insurance business. "They can't have it both ways."

Mr. Equale cited Mr. Yingling's June 11 letter to members of the House Judiciary subcommittee on economic and commercial law, which recently passed H.R. 1663 — a bill that would gut McCarran-Ferguson.

The IIAA said there may soon come a bill tough on banks — on mandatory cashing of government checks, for instance — and the insurance agents may push their position.

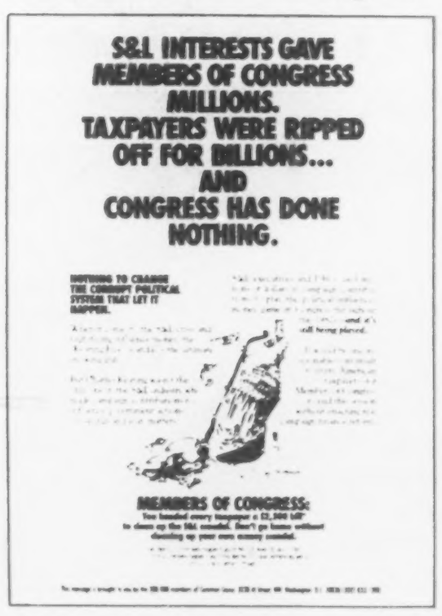
"We've never done it in the past, and we have been straight with the ABA," he said. But "if the ABA thought they had problems with us to date, if we have been pests, they ain't seen nothing yet."

The insurance agents also have taken it on the chin lately in decisions by the courts (for the Comptroller of the Currency) and the State of Delaware letting banks expand significantly into the insurance business.

* * *

Common Cause Ad Attacks the Thrifts

Common Cause, the government watchdog organization, is running an ad in newspapers warning that the same political contributions game that produced the "Keating Five" scandal is still alive in Washington.


S&L INTERESTS GAVE MEMBERS OF CONGRESS MILLIONS.
TAXPAYERS WERE RIPPED OFF FOR BILLIONS...
AND
CONGRESS HAS DONE NOTHING.
MEMBERS OF CONGRESS:

COMMON CAUSE'S ad for reform of campaign financing.

The group is pushing Congress to limit the use of political action committees and some other techniques in financing political campaigns.

The ad points out that **Charles Keating,** though the most public of political contributors from the S&L industry, was not the only one. "S&L executives and PACs used millions of dollars in campaign contributions to play the political influence-money game in Congress throughout the 1980s — and it's still being played," the ad states.

* * *

Minority Bankers Fear Metzenbaum Bill

Most of the banking industry is alarmed at efforts by Sen. **Howard Metzenbaum,** D-Ohio, to push through legislation that could force banks and thrifts to offer new services to the poor. But lobbyist **Bruce Gamble** thinks members of his organization, the **National Bankers Association,** could be hit the hardest.

The trade group represents minority-owned institutions mostly located in the inner city, near the population most likely to need government check cashing and lifeline checking services.

"We operate on a small profit margin," Mr. Gamble said. "We cash government checks for a majority of our customers. But if we have to open up to all the people, and all the entitlement people come in, it could discourage our current customers."

Mr. Metzenbaum is expected to try this week to attach his legislation to a housing bill under consideration on the Senate floor. Mr. Gamble said his organization has tried to talk to the Ohio Democrat about the issue since last year, but with little success.

"He seemed pretty upset that we would not support him last year," Mr. Gamble said.

— **Robert Trigaux, Robert M. Garsson, and Debra Cope**

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Consumer Credit, Led by Equity Loans, Is Growing Rapidly

Continued from *page* 12

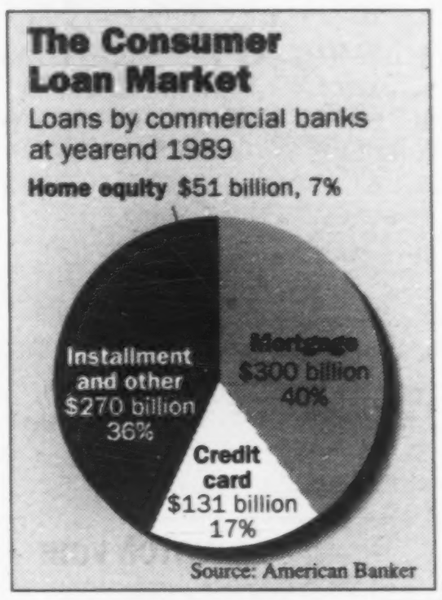
ing Citicorp's lead bank, Citibank, New York, as the nation's top bank consumer lender.

Overall, the nation's top 100 banks in consumer lending saw consumer outstandings grow 17.5%. But at Bank of America, Wells Fargo Bank, and Security Pacific National bank, consumer receivables grew 27.9%, 26.2%, and 26.4%, respectively.

A Commonplace Emphasis

The emphasis on consumer loans was apparent at other major banks, too. At fifth-ranked Chase Manhattan Bank, for instance, consumer outstandings soared 40% in 1989. And retail loans continue to grab a bigger share of all lending activities at the nation's largest banks.Citicorp – still the premier banking company in consumer lending – saw five of its bank affiliates ranking among the top 50 in consumer loans. Overall growth, however, was comparatively slow at only 5.7% at these affiliates. Combined, these five banks had $48.3 billion in consumer loans, or 6.4% of consumer loans held by all banks.

At the top 100 banks, consumer loans as a percentage of total loans reached 46% in 1989, up from 44.5% a year earlier. At all FDIC-insured banks, consumer loans accounted for 36.5% of all lending activities, while business loans comprised only 30.1% of total loans, down from 31.1% a year earlier.


The Consumer Loan Market
Loans by commercial banks at yearend 1989
Home equity $51 billion, 7%
Installment and other $270 billion 36%
Mortgage $300 billion 40%
Credit card $131 billion 17%
Source: American Banker

"More and more lenders are getting involved in consumer credit," said Gerald T. Flynn, chairman of the consumer credit division at the American Bankers Association. "It provides them with quicker liquidity, lets them charge higher rates, and allows for cross-selling." Mr. Flynn is a vice president in charge of indirect consumer lending at National Bank of Detroit.

A Sturdy Outlook

Even as talk of a possible recession and a downturn in consumer spending escalates, bankers and economists say the outlook for consumer debt is good.

"We expect total consumer loans to be steady this year because personal income continues to go up." said Stephanie Murphy, an economist with the CM&M Group Inc. in New York. But she said to expect a slight curtailment in home equity lending as the savings and loan bailout causes more property values to decline.

Cautious Approach Seen

At least one industry observer is bearish on the home equity market. Keith T. Gumbinger, of HSH Associates, Butler, N.J., said consumers were losing interest in home equity loans, largely because of continuing talk of a slowing economy. "I wish I could say things were rosy and millions of calls were coming in, but that's not the case," he said. "It's fairly slow out there."

HSH, a publisher of mortgage market information, talks to many lenders in 24 markets for each survey every three months. According to Mr. Gumbinger, no-fee and other pricing discounts are becoming harder to find in the home equity market, reflecting increased pressures on banks to improve their bottom lines.

Bankers agree that competitive deals can negatively impact the profitability of home equity loans. "Lenders have to be careful if they waive fees," Mr. Flynn said. "If consumers don't use the credit lines, banks can lose money."

Commercial Bank Loans to the Consumer

Yearend 1984 to Yearend 1989 ($ Billion)

	1989	1988	1987	1986	1985	1984
Home Equity Loans[1]	$ 50.8 +27.0%	$ 40.0 +33.8%	$ 29.9	—	—	—
Other Mortgage Loans[2]	$300.1 +14.7%	$261.7 +12.3%	$233.0 + 4.7%	$222.5 +12.0%	$198.7 + 9.4	$181.6 %+ 8.5%
Total Real Estate Loans[3]	$350.9 +16.3%	$301.7 +14.8%	$262.9 +18.2%	$222.5 +12.0%	$198.7 + 9.4%	$181.6 + 8.5%
Credit Card Loans	$130.9 +11.7%	$117.2 +14.0%	$102.8 +11.9%	$ 91.9 +17.7%	$ 78.1 +27.8%	$ 61.2 +256.5%
All Other[4]	$269.7 + 3.6%	$260.7 + 4.9%	$248.5 + 2.0%	$243.8 + 5.8%	$230.5 +12.1%	$205.6 - 0.9%
Total Consumer Loans	$751.6 +10.6%	$679.6 +10.8%	$614.3 +10.1%	$558.2 +10.0%	$507.3 +13.1%	$448.4 +14.4%
Total Loans[5]	$2,057.8	$1,892.3	$1,829.1	$1,758.7	$1,630.9	$1,508.3
Consumer as a % of total	36.5%	35.2%	33.6%	31.8%	31.1%	29.7%

Data Source: Data are from the federal regulatory report of condition for all federally insured, domestically chartered U.S. commercial banks as reported by the Federal Deposit Insurance Corp., Washington, D.C. (1)— First broken out from total mortgage loans by the federal regulators in 1987. Home equity loans are revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit. (2)— Other mortgage loans are all loans secured by 1-4 family residential properties, including both first and second mortgages. Until 1987, home equity loans were included in the total. Since 1987, home equity loans have been excluded. (3)— The sum of home equity loans and other mortgage loans. (4)— Includes loans to individuals for household, family, and other personal expenditures and includes single payment, installment, and student loans. (5)— total loans and lease financing receivables net of unearned income but including the allowance for loan and lease losses and the allocated transfer risk reserve.

In addition, home equity loans of less than $15,000 are generally not believed to be profitable, while most banks have only a $5,000 or $10,000 floor limit on their home equity products.

But deperding on a bank's technological sophistication, home equity loans should carry a return on assets of 1% to 2%, Shawmut's Mr. Grigley said. Shawmut – which operates in a region hit hard by real estate woes – increased its Boston bank's home equity portfolio 145% in 1989. While some of the growth was through portfolio acquisition, most of it reflected a major marketing effort, he said.

"Home equity is our No. 1 consumer lending product," Mr. Grigley said. Home equity lines of credit are also attractive to banks from a funding perspective. Under the new risk-based capital requirements, unused lines granted to consumers do not have to be reserved against, Mr. Grigley said. □

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BANK LOANS TO THE CONSUMER

Top 100 Banks in Lending to the Consumer

Based on Federal Regulatory Report of Condition data for Dec. 31, 1989, compared with Dec. 31, 1988 (dollar amounts in thousands)

Rank 12/89		Total Consumer Loans			1-4 Family Mortgage Loans			Home Equity Loans			All Other Consumer Loans		Consumer Loans As % of Total Loans	
		12/31/89	12/31/88	% Chg.	12/31/89	12/31/88	% Chg.	12/31/89	12/31/88	% Chg.	12/31/89	12/31/88	12/31/89	12/31/88
1	Bank of America NT&SA, San Francisco	27,761,000	21,712,000	27.9	14,822,000	11,377,000	30.3	1,825,000	1,170,000	56.0	11,114,000	9,165,000	42.6	36.5
2	Citibank NA, New York	24,652,000	22,814,000	8.1	7,647,000	7,009,000	9.1	1,532,000	1,397,000	9.7	15,473,000	14,408,000	22.7	22.9
3	Wells Fargo Bank NA, San Francisco	14,891,669	11,796,214	26.2	8,433,654	5,831,522	44.6	1,921,962	1,736,045	10.7	4,536,053	4,228,647	37.8	33.0
4	Security Pacific National Bank, Los Angeles	13,898,796	10,994,441	26.4	9,866,280	6,634,111	48.7	1,280,551	757,758	69.0	2,751,965	3,602,572	36.5	33.5
5	Chase Manhattan Bank NA, New York	11,041,819	7,888,669	40.0	6,673,552	4,425,850	50.8	724,432	496,124	46.0	3,643,835	2,966,695	20.1	15.8
6	Citibank (South Dakota) NA, Sioux Falls	9,389,200	12,167,846	-22.8	505	846	-40.3	0	0	0.0	9,388,695	12,167,000	93.0	95.0
7	Chase Manhattan Bank (USA) NA, Wilmington, Del.	9,294,094	6,764,557	37.4	0	0	0.0	28,025	31,666	-11.5	9,266,069	6,732,891	100.0	100.0
8	Citibank (Nevada) NA, Las Vegas	8,136,383	5,790,751	40.5	51,802	20,507	152.6	9,026	3,275	175.6	8,075,555	5,766,969	99.9	100.0
9	Greenwood Trust Co., Newcastle, Del.	6,918,527	5,921,599	16.8	1,709	1,551	10.2	0	0	0.0	6,916,818	5,920,048	100.0	100.0
10	Marine Midland Bank NA, Buffalo, N.Y.	6,726,582	6,649,932	1.2	1,542,897	1,184,819	30.2	621,943	500,283	24.3	4,561,742	4,964,830	37.7	36.7
11	First Interstate Bank of California, Los Angeles	5,922,975	5,620,381	5.4	2,105,465	1,578,935	33.3	564,332	170,276	231.4	3,253,178	3,871,170	41.5	41.7
12	Chemical Bank, New York	5,686,000	4,575,000	24.3	2,787,000	1,530,000	82.2	342,000	271,000	26.2	2,557,000	2,774,000	19.2	15.9
13	American Express Centurion Bank, Newark, Del.	5,193,885	3,821,234	35.9	0	0	0.0	2,525	3,000	-15.8	5,191,360	3,818,234	88.6	85.1
14	Southeast Bank NA, Miami	5,169,219	3,686,808	40.2	2,093,228	1,185,808	76.5	213,544	154,784	38.0	2,862,447	2,346,216	48.1	41.5
15	FCC National Bank, Wilmington, Del.	4,815,016	2,997,421	60.6	0	0	0.0	0	0	0.0	4,815,016	2,997,421	100.0	100.0
16	Boston Safe Deposit and Trust Co.	4,781,622	4,800,525	-0.4	4,104,588	4,040,113	1.6	165,313	143,628	15.1	511,721	616,784	96.1	76.5
17	Bank of New York	4,708,841	2,269,818	107.5	2,149,604	402,524	434.0	443,537	319,147	39.0	2,115,700	1,548,147	14.5	16.2
18	Manufacturers Hanover Trust Co., New York	4,399,000	4,028,000	9.2	339,000	275,000	23.3	210,000	238,000	-11.8	3,850,000	3,515,000	11.8	10.7
19	First Union National Bank, Charlotte, N.C.	4,248,297	3,842,883	10.5	2,762,696	2,581,337	7.0	378,808	285,873	32.5	1,106,793	975,673	37.4	38.8
20	Connecticut National Bank, Hartford	4,022,245	3,521,268	14.2	2,147,873	1,768,928	21.4	737,157	608,945	21.1	1,137,215	1,143,395	48.3	47.4
21	Citibank (New York State), Perinton	3,925,585	3,493,223	12.4	1,208,835	1,154,527	4.7	144,343	100,373	43.8	2,572,407	2,238,323	93.5	90.9
22	Seattle-First National Bank	3,866,386	3,114,258	24.2	1,591,274	1,129,606	40.9	2,539	2,884	-12.0	2,272,573	1,981,768	38.9	35.3
23	Sovran Bank NA, Richmond	3,729,169	3,673,730	1.5	1,141,075	1,049,040	8.8	175,122	86,629	102.2	2,412,972	2,538,061	41.4	43.4
24	NCNB Texas National Bank, Dallas	3,650,208	2,689,712	35.7	1,562,565	1,152,670	35.6	0	0	0.0	2,087,643	1,537,042	28.3	23.1
25	Bank of New York (Delaware), Wilmington	3,362,440	2,666,846	26.1	0	0	0.0	0	0	0.0	3,362,440	2,666,846	88.9	82.3
26	Wachovia Bank & Trust Co. NA, Winston-Salem, N.C.	3,329,931	3,015,392	10.4	1,096,013	846,270	29.5	275,330	246,988	11.5	1,958,588	1,922,134	33.8	36.0
27	Union Bank, San Francisco	3,255,588	2,920,623	11.5	1,680,879	1,388,305	21.1	360,038	277,560	29.7	1,214,671	1,254,758	28.4	26.5
28	Valley National Bank, Phoenix, Ariz.	3,018,325	2,590,089	16.5	666,421	651,705	2.3	377,445	343,957	9.7	1,974,459	1,594,427	46.1	39.2
29	Crestar Bank, Richmond	2,795,538	2,820,230	-0.9	680,751	705,158	-3.5	264,973	198,655	33.4	1,849,814	1,916,417	37.5	40.0
30	Citizens & Southern National Bank, Atlanta	2,743,597	2,763,507	-0.7	695,343	718,627	-3.2	238,255	165,941	43.6	1,809,999	1,878,939	34.0	36.2
31	Meridian Bank, Reading, Pa.	2,717,065	1,773,947	53.2	1,102,596	396,123	178.3	145,676	40,819	256.9	1,468,793	1,337,005	39.7	33.6
32	NCNB National Bank of N.C., Charlotte	2,675,579	2,307,390	16.0	1,305,644	940,536	38.8	473,433	421,826	12.2	896,502	945,028	23.9	23.1
33	Chase Lincoln First Bank NA, Rochester, N.Y.	2,534,307	2,281,619	11.1	1,217,206	1,083,156	12.4	139,404	111,830	24.7	1,177,697	1,086,633	46.2	44.2
34	NCNB National Bank of Florida, Tampa	2,524,054	2,313,832	9.1	791,271	692,959	14.2	88,813	46,505	91.0	1,643,970	1,574,368	38.3	39.0
35	Comerica Bank-Detroit	2,522,063	2,153,943	17.1	805,888	653,325	23.4	236,351	163,305	44.7	1,479,824	1,337,313	38.6	38.5
36	First Union National Bank, Jacksonville, Fla.	2,420,340	1,964,281	23.2	1,559,775	1,126,017	38.5	134,959	106,838	26.3	725,606	731,426	44.8	42.3
37	First National Bank, Atlanta	2,406,287	2,182,707	10.2	650,572	591,764	9.9	148,943	108,838	36.8	1,606,772	1,482,105	46.9	43.4
38	Society National Bank, Cleveland	2,391,357	1,385,506	72.6	545,716	343,934	58.7	268,789	177,389	51.5	1,576,852	864,183	49.4	39.9
39	First Fidelity Bank NA, Newark, N.J.	2,294,091	2,526,364	-9.2	805,179	1,171,880	-31.3	690,234	587,916	17.4	798,678	766,568	30.3	35.2
40	Pittsburgh National Bank	2,257,485	1,856,032	21.6	443,171	403,986	9.7	253,992	91,161	178.6	1,560,322	1,360,885	26.1	24.3
41	Signet Bank/Virginia, Richmond	2,246,727	2,008,789	11.8	206,517	172,203	19.9	326,711	317,616	2.9	1,713,499	1,518,970	48.8	46.9
42	Huntington National Bank, Columbus, Ohio	2,229,342	1,919,560	16.1	428,294	358,622	19.4	273,525	262,192	4.3	1,527,523	1,298,746	39.6	37.5
43	Citibank (Maryland) NA, Towson	2,174,290	1,387,637	56.7	69,578	78,061	-10.9	1,628	1,223	33.1	2,103,084	1,308,353	100.0	100.0
44	Banco Popular de Puerto Rico, San Juan	2,122,101	1,980,154	7.2	315,204	169,983	85.4	0	0	0.0	1,806,897	1,810,171	64.7	63.9
45	Bank One Texas NA, Dallas	2,088,610	.....	....	832,485	.....	....	0	....	....	1,256,125	.....	28.8	...
46	Shawmut Bank NA, Boston	2,084,807	1,461,813	42.6	464,309	480,718	-3.4	572,193	233,376	145.2	1,048,305	747,719	33.5	27.6
47	Barnett Bank of South Florida NA, Miami	2,078,903	1,788,857	16.2	953,788	744,554	28.1	79,758	41,507	92.2	1,045,357	1,002,796	44.6	43.6
48	First Bank NA, Minneapolis	2,016,380	1,838,784	9.7	650,073	628,331	3.5	243,480	159,892	52.3	1,122,827	1,050,561	21.8	18.0
49	First National Bank, Boston	2,009,615	1,941,841	3.5	1,037,289	568,693	82.4	279,182	235,046	18.8	693,144	1,138,102	10.5	10.2
50	Florida National Bank, Jacksonville, Fla.	1,985,245	1,944,387	2.1	535,106	496,721	7.7	93,014	76,279	21.9	1,357,125	1,371,387	46.7	42.4
51	First Interstate Bank of Arizona NA, Phoenix	1,930,713	1,803,589	7.0	410,384	332,796	23.3	35,413	34,137	3.7	1,484,916	1,436,656	42.1	38.5
52	Security Pacific Bank Washington NA, Seattle	1,917,653	1,707,611	12.3	732,229	555,837	31.7	52,556	34,055	54.3	1,132,868	1,117,719	30.5	31.9
53	Citizens & Southern National Bank, Fort Lauderdale, Fla.	1,913,754	1,735,779	10.3	695,729	711,646	-2.2	136,293	115,226	18.3	1,081,732	908,907	50.0	50.7
54	Chemical Bank New Jersey NA, Morristown	1,902,533	684,706	177.9	693,082	233,849	196.4	357,528	177,257	101.7	851,923	273,600	52.6	45.9
55	BancOhio National Bank, Columbus	1,869,855	1,935,487	-3.4	289,676	265,915	8.9	64,684	57,564	12.4	1,515,495	1,612,008	48.3	51.9
56	Ameritrust Co. NA, Cleveland	1,864,789	1,725,749	8.1	668,978	704,086	-5.0	91,681	54,892	67.0	1,104,130	966,771	29.6	29.7
57	AmSouth Bank NA, Birmingham, Ala.	1,861,610	1,779,249	4.6	670,061	761,147	-12.0	151,476	111,159	36.3	1,040,073	906,943	37.5	37.9
58	First Alabama Bank, Montgomery	1,851,003	1,464,556	26.4	836,142	572,282	46.1	116,029	95,688	21.3	898,832	796,586	51.1	47.0
59	Norwest Bank Minnesota NA, Minneapolis	1,776,305	1,701,736	4.4	429,518	473,820	-9.3	95,597	87,829	8.8	1,251,190	1,140,087	30.8	32.4
60	Midlantic National Bank, Newark, N.J.	1,760,495	782,186	125.1	219,633	89,169	146.3	427,593	246,699	73.3	1,113,269	446,318	21.8	16.5
61	Hibernia National Bank, New Orleans	1,743,986	1,324,841	31.6	993,522	723,657	37.3	34,198	31,222	9.5	716,266	569,962	37.0	31.3
62	Connecticut Bank & Trust Co. NA, Hartford	1,715,888	2,509,951	-31.6	456,794	588,956	-22.4	577,732	535,395	7.9	681,362	1,385,600	29.0	36.1
63	United States National Bank, Portland, Ore.	1,640,870	1,432,732	14.5	416,052	371,526	12.0	31,397	25,151	24.8	1,193,421	1,036,055	23.2	24.7
64	First Florida Bank NA, Tampa	1,636,976	1,661,599	-1.5	607,938	731,814	-16.9	46,747	43,962	6.4	982,291	885,833	44.3	47.0
65	Household Bank NA, Salinas, Calif.	1,598,296	1,068,858	49.5	0	0	0.0	0	0	0.0	1,598,296	1,068,858	100.0	100.0
66	First Interstate Bank of Oregon NA, Portland	1,597,793	1,285,906	24.3	378,549	266,916	41.8	60,579	44,962	34.7	1,158,665	974,008	39.8	37.2
67	National Bank of Detroit	1,585,838	1,608,635	-1.4	708,917	794,634	-10.8	66,144	35,958	83.9	810,777	778,043	17.7	18.7
68	Bank of Hawaii, Honolulu	1,558,109	1,370,012	13.7	687,667	573,622	19.9	219,232	184,369	18.9	651,210	612,021	33.2	35.1
69	National Westminster Bank USA, New York	1,537,101	1,347,246	14.1	262,826	217,820	20.7	108,027	87,368	23.6	1,166,248	1,042,058	14.3	13.6
70	Norstar Bank of Upstate NY, Albany, N.Y.	1,530,019	1,582,675	-3.3	424,982	366,918	15.8	180,649	141,676	27.5	924,388	1,074,081	55.7	58.1
71	Boatmen's National Bank, St. Louis	1,526,371	869,764	75.5	871,786	384,070	127.0	148,894	81,544	82.6	505,691	404,150	32.5	34.7
72	First Union National Bank of Georgia, Atlanta	1,523,245	1,287,024	18.4	490,700	338,348	45.0	73,275	54,149	35.3	959,270	894,527	46.9	43.7
73	First Tennessee Bank NA, Memphis	1,492,304	1,385,162	7.7	357,875	317,262	12.8	126,773	107,872	17.5	1,007,656	960,028	42.1	39.9
74	CoreStates Bank of Delaware NA, Wilmington	1,486,035	1,179,685	26.0	0	0	0.0	0	0	0.0	1,486,035	1,179,685	100.0	100.0
75	Central Fidelity Bank, Richmond	1,456,971	1,281,393	13.7	471,030	371,146	26.9	102,129	68,584	48.9	883,812	841,663	41.4	39.4
76	Dominion Bank NA, Roanoke, Va.	1,455,415	1,071,754	35.8	592,628	439,771	34.8	113,724	104,495	8.8	749,063	527,488	50.6	45.2
77	National City Bank, Cleveland	1,423,005	1,331,492	6.9	368,315	361,374	1.9	119,298	112,520	6.0	935,392	857,598	29.1	30.9
78	South Carolina National Bank, Columbia	1,422,634	1,311,083	8.5	451,787	376,111	20.1	163,880	148,398	10.4	806,967	786,574	34.0	35.3
79	Bank of Baltimore	1,409,988	1,392,491	1.3	536,106	627,481	-14.6	84,801	51,105	65.9	789,081	713,905	65.0	66.8
80	BayBank Middlesex, Burlington, Mass.	1,401,902	1,338,908	4.7	612,474	563,868	8.6	303,937	283,722	7.1	485,491	491,318	45.4	45.0
81	Barnett Bank of Central Florida NA, Orlando	1,396,568	1,178,461	18.5	341,654	272,691	25.3	14,366	13,869	3.6	1,040,548	891,901	66.4	65.2
82	Mellon Bank NA, Pittsburgh	1,390,526	1,281,031	8.5	363,674	260,780	39.5	80,932	119,058	-32.0	945,920	901,193	10.2	9.4
83	First Interstate Bank Washington NA, Seattle	1,384,581	1,067,406	29.7	398,749	293,362	35.9	26,883	17,907	50.1	958,949	756,137	55.8	52.1
84	First National Bank, Chicago	1,382,989	1,850,296	-25.3	916,063	867,810	5.6	162,553	205,584	-20.9	304,373	776,902	6.4	8.4
85	First Deposit National Bank, Tilton, N.H.	1,374,848	1,477,901	-7.0	6,113	7,634	-19.9	11,375	764	1388.9	1,357,360	1,469,503	98.2	99.1
86	Maryland Bank NA, Newark, Del.	1,362,245	1,431,006	-4.8	0	0	0.0	0	0	0.0	1,362,245	1,431,006	97.5	97.2
87	First National Bank of Maryland, Baltimore	1,330,867	1,191,900	11.7	673,679	591,942	13.8	268,642	199,444	34.7	388,546	400,514	32.6	33.9
88	INB National Bank, Indianapolis	1,318,453	1,295,343	1.8	339,889	296,850	14.5	36,506	28,722	27.1	942,058	969,771	39.3	39.9
89	Bank One Columbus NA, Ohio	1,311,762	1,055,940	24.2	139,521	128,341	8.7	63,045	42,330	48.9	1,109,196	885,269	48.5	43.5
90	Marine Midland (Delaware) NA, Wilmington	1,296,874	1,207,008	7.4	25,551	34,280	-25.5	0	0	0.0	1,271,323	1,172,728	59.8	59.4
91	Wilmington Trust Co., Del.	1,279,440	1,105,450	15.7	718,800	582,905	23.3	102,349	74,988	36.5	458,291	447,557	53.9	54.0
92	Manufacturers National Bank, Detroit	1,278,259	1,223,268	4.5	670,260	649,905	3.1	124,508	100,614	23.7	483,491	472,749	24.5	23.4
93	NCNB National Bank of South Carolina, Columbia	1,270,430	1,064,138	19.4	297,846	239,568	24.3	125,420	94,392	32.9	847,164	730,178	39.6	40.7
94	Michigan National Bank, Farmington Hills	1,260,862	1,993,854	-36.8	788,644	507,690	55.3	98,353	66,605	47.7	373,865	1,419,559	20.7	31.7
95	Provident National Bank, Philadelphia	1,252,988	1,075,301	16.5	408,842	338,396	20.8	0	0	0.0	844,146	736,905	21.7	21.3
96	Barnett Bank of Pinellas Cty., St. Petersburg, Fla.	1,235,332	1,055,020	17.1	845,838	761,006	11.1	29,502	21,064	40.1	359,992	272,950	68.6	66.0
97	Fidelity Bank NA, Philadelphia	1,227,046	1,244,221	-1.4	436,771	475,578	-8.2	161,961	99,722	62.4	628,314	668,921	18.7	18.3
98	First Virginia Bank, Falls Church	1,215,691	1,154,332	5.3	388,298	349,868	11.0	114,132	88,405	29.1	713,261	716,059	85.9	86.1
99	First-Citizens Bank & Trust Co., Raleigh, N.C.	1,205,605	1,012,859	19.0	288,665	198,989	45.1	192,169	160,058	20.1	724,771	653,812	55.7	54.5
100	Sanwa Bank California, San Francisco	1,204,154	1,019,943	18.1	672,318	441,910	52.1	33,345	11,713	184.7	498,491	566,320	25.5	22.9
	Totals for the Top 100 Banks‡ ($ Bil.)	**$336.5**	**$286.4**	**+17.5**	**$116.6**	**$90.2**	**+29.3**	**$23.0**	**$17.4**	**+32.2**	**$196.8**	**$178.8**	**46.0[1]**	**44.5[1]**

Data Sources: Data were provided by **W.C. Ferguson & Co.**, Irving, Tex. from **BankSource,** a data base of the Federal Regulatory report of condition (RC). Ferguson does not adjust the 1988 data for mergers occurring in 1989. Some of the large changes may be attributable to mergers. **Total Consumer Loans** are the sum of 1-4 family mortgage loans, home equity loans, credit card loans, and other consumer loans). **1-4 Family Mortgage loans** are loans secured by 1-4 family residential properties. First and second mortgage loans are included, but home equity loans are excluded. (Schedule RC-C, Column B-Domestic Offices, item 1.c.(2).) **Home equity loans** are revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit. (Schedule RC-C, Column B, item 1.c.(1).) **All other consumer loans** are loans to individuals for household, family, and other personal expenditures. Included in this catergory are credit card loans and other consumer loans. **Credit card loans** include all extentions of credit to individuals for household, family, and other personal expenditures arising from bank credit cards or special prearranged overdraft plans. (Schedule RC-C, Column A-Consolidated Bank, item 6a.) **Other consumer loans** include single payment, instalment, and student loans. (Schedule RC-C, Column A, item 6b.) **Consumer loans % of total loans** is the ratio of total consumer loans to total loans. **Total loans** are Loans and leases, net of unearned income. (RC-Balance Sheet, item 4.a.) **(‡)**— The 1988 totals are for the top 100 banks in 1989. **(1)**— An unweighted average derived by summing the individual ratios for each bank in the top 100.

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BANK LOANS TO THE CONSUMER

Top 100 Banks in Lending to the Consumer

Listed georgraphically in order of consumer-loan size within states (dollar amounts in thousands)

Rank 12/89		Consumer Loans 12/31/89	12/31/88	% Chg.
	ALABAMA			
57	AmSouth Bank NA, Birmingham	1,861,610	1,779,249	4.6
58	First Alabama Bank, Montgomery	1,851,003	1,464,556	26.4
	ARIZONA			
28	Valley National Bank, Phoenix	3,018,325	2,590,089	16.5
51	First Interstate Bank of Arizona NA, Phoenix	1,930,713	1,803,589	7.0
	CALIFORNIA			
1	Bank of America NT&SA, San Francisco	27,761,000	21,712,000	27.9
3	Wells Fargo Bank NA, San Francisco	14,891,669	11,796,214	26.2
4	Security Pacific National Bank, Los Angeles	13,898,796	10,994,441	26.4
11	First Interstate Bank of California, Los Angeles	5,922,975	5,620,381	5.4
27	Union Bank, San Francisco	3,255,588	2,920,623	11.5
65	Household Bank NA, Salinas	1,598,296	1,068,858	49.5
100	Sanwa Bank California, San Francisco	1,204,154	1,019,943	18.1
	CONNECTICUT			
20	Connecticut National Bank, Hartford	4,022,245	3,521,268	14.2
62	Connecticut Bank & Trust Co. NA, Hartford	1,715,888	2,509,951	-31.6
	DELAWARE			
7	Chase Manhattan Bank (USA) NA, Wilmington	9,294,094	6,764,557	37.4
9	Greenwood Trust Co., Newcastle	6,918,527	5,921,599	16.8
13	American Express Centurion Bank, Newark	5,193,885	3,821,234	35.9
15	FCC National Bank, Wilmington	4,815,016	2,997,421	60.6
25	Bank of New York (Delaware), Wilmington	3,362,440	2,666,846	26.1
74	CoreStates Bank of Delaware NA, Wilmington	1,486,035	1,179,685	26.0
86	Maryland Bank NA, Newark	1,362,245	1,431,006	-4.8
90	Marine Midland (Delaware) NA, Wilmington	1,296,874	1,207,008	7.4
91	Wilmington Trust Co.	1,279,440	1,105,450	15.7
	FLORIDA			
14	Southeast Bank NA, Miami	5,169,219	3,686,808	40.2
34	NCNB National Bank of Florida, Tampa	2,524,054	2,313,832	9.1
36	First Union National Bank, Jacksonville	2,420,340	1,964,281	23.2
47	Barnett Bank of South Florida NA, Miami	2,078,903	1,788,857	16.2
50	Florida National Bank, Jacksonville	1,985,245	1,944,387	2.1
53	Citizens & Southern National Bk, Fort Lauderdale	1,913,754	1,735,779	10.3
64	First Florida Bank NA, Tampa	1,636,976	1,661,599	-1.5
81	Barnett Bank of Central Florida NA, Orlando	1,396,568	1,178,461	18.5
96	Barnett Bank of Pinellas Cty., St. Petersburg	1,235,332	1,055,020	17.1
	GEORGIA			
30	Citizens & Southern National Bank, Atlanta	2,743,597	2,763,507	-0.7
37	First National Bank, Atlanta	2,406,287	2,182,707	10.2
72	First Union National Bank of Georgia, Atlanta	1,523,245	1,287,024	18.4
	HAWAII			
68	Bank of Hawaii, Honolulu	1,558,109	1,370,012	13.7
	ILLINOIS			
84	First National Bank, Chicago	1,382,989	1,850,296	-25.3
	INDIANA			
88	INB National Bank, Indianapolis	1,318,453	1,295,343	1.8
	LOUISIANA			
61	Hibernia National Bank, New Orleans	1,743,986	1,324,841	31.6
	MARYLAND			
43	Citibank (Maryland) NA, Towson	2,174,290	1,387,637	56.7
79	Bank of Baltimore	1,409,988	1,392,491	1.3
87	First National Bank of Maryland, Baltimore	1,330,867	1,191,900	11.7
	MASSACHUSSETTS			
16	Boston Safe Deposit and Trust Co.	4,781,622	4,800,525	-0.4
46	Shawmut Bank NA, Boston	2,084,807	1,461,813	42.6
49	First National Bank, Boston	2,009,615	1,941,841	3.5
80	BayBank Middlesex, Burlington	1,401,902	1,338,908	4.7
	MICHIGAN			
35	Comerica Bank-Detroit	2,522,063	2,153,943	17.1
67	National Bank of Detroit	1,585,838	1,608,635	-1.4
92	Manufacturers National Bank, Detroit	1,278,259	1,223,268	4.5
94	Michigan National Bank, Farmington Hills	1,260,862	1,993,854	-36.8
	MINNESOTA			
59	Norwest Bank Minnesota NA, Minneapolis	1,776,305	1,701,736	4.4
48	First Bank NA, Minneapolis	2,016,380	1,838,784	9.7
	MISSOURI			
71	Boatmen's National Bank, St. Louis	1,526,371	869,764	75.5
	NEVADA			
8	Citibank (Nevada) NA, Las Vegas	8,136,383	5,790,751	40.5
	NEW HAMPSHIRE			
85	First Deposit National Bank, Tilton	1,374,848	1,477,901	-7.0
	NEW JERSEY			
39	First Fidelity Bank NA, Newark	2,294,091	2,526,364	-9.2
54	Chemical Bank New Jersey NA, Morristown	1,902,533	684,706	177.9
60	Midlantic National Bank, Newark	1,760,495	782,186	125.1
	NEW YORK			
2	Citibank NA, New York	24,652,000	22,814,000	8.1
5	Chase Manhattan Bank NA, New York	11,041,819	7,888,669	40.0
10	Marine Midland Bank NA, Buffalo	6,726,582	6,649,932	1.2
12	Chemical Bank, New York	5,686,000	4,575,000	24.3
17	Bank of New York	4,708,841	2,269,818	107.5
18	Manufacturers Hanover Trust Co., New York	4,399,000	4,028,000	9.2
21	Citibank (New York State), Perinton	3,925,585	3,493,223	12.4
33	Chase Lincoln First Bank NA, Rochester	2,534,307	2,281,619	11.1
69	National Westminster Bank USA, New York	1,537,101	1,347,246	14.1
70	Norstar Bank of Upstate NY, Albany	1,530,019	1,582,675	-3.3
	NORTH CAROLINA			
19	First Union National Bank, Charlotte	4,248,297	3,842,883	10.5
26	Wachovia Bank & Trust Co. NA, Winston-Salem	3,329,931	3,015,392	10.4
32	NCNB National Bank of N.C., Charlotte	2,675,579	2,307,390	16.0
99	First-Citizens Bank & Trust Co., Raleigh	1,205,605	1,012,859	19.0
	OHIO			
38	Society National Bank, Cleveland	2,391,357	1,385,506	72.6
42	Huntington National Bank, Columbus	2,229,342	1,919,560	16.1
55	BancOhio National Bank, Columbus	1,869,855	1,935,487	-3.4
56	Ameritrust Co. NA, Cleveland	1,864,789	1,725,749	8.1
77	National City Bank, Cleveland	1,423,005	1,331,492	6.9
89	Bank One Columbus NA	1,311,762	1,055,940	24.2
	OREGON			
63	United States National Bank, Portland	1,640,870	1,432,732	14.5
66	First Interstate Bank of Oregon NA, Portland	1,597,793	1,285,906	24.3
	PENNSYLVANIA			
31	Meridian Bank, Reading	2,717,065	1,773,947	53.2
40	Pittsburgh National Bank	2,257,485	1,856,032	21.6
82	Mellon Bank NA, Pittsburgh	1,390,526	1,281,031	8.5
95	Provident National Bank, Philadelphia	1,252,988	1,075,301	16.5
97	Fidelity Bank NA, Philadelphia	1,227,046	1,244,221	-1.4
	PUERTO RICO			
44	Banco Popular de Puerto Rico, San Juan	2,122,101	1,980,154	7.2
	SOUTH CAROLINA			
78	South Carolina National Bank, Columbia	1,422,634	1,311,083	8.5
93	NCNB National Bank of South Carolina, Columbia	1,270,430	1,064,138	19.4
	SOUTH DAKOTA			
6	Citibank (South Dakota) NA, Sioux Falls	9,389,200	12,167,846	-22.8
	TENNESSEE			
73	First Tennessee Bank NA, Memphis	1,492,304	1,385,162	7.7
	TEXAS			
24	NCNB Texas National Bank, Dallas	3,650,208	2,689,712	35.7
45	Bank One Texas NA, Dallas	2,088,610	.....	...
	VIRGINIA			
23	Sovran Bank NA, Richmond	3,729,169	3,673,730	1.5
29	Crestar Bank, Richmond	2,795,538	2,820,230	-0.9
41	Signet Bank/Virginia, Richmond	2,246,727	2,008,789	11.8
75	Central Fidelity Bank, Richmond	1,456,971	1,281,393	13.7
76	Dominion Bank NA, Roanoke	1,455,415	1,071,754	35.8
98	First Virginia Bank, Falls Church	1,215,691	1,154,332	5.3
	WASHINGTON			
22	Seattle-First National Bank	3,866,386	3,114,258	24.2
52	Security Pacific Bank Washington NA, Seattle	1,917,653	1,707,611	12.3
83	First Interstate Bank Washington NA, Seattle	1,384,581	1,067,406	29.7

Data Sources: Data were provided by **W.C. Ferguson & Co.**, Irving, Tex. from **BankSource,** a data base of the Federal Regulatory report of condition (RC). Ferguson does not adjust the 1988 data for mergers occurring in 1989. Some of the large changes may be attributable to mergers. Total Consumer Loans are the sum of 1-4 family mortgage loans, home equity loans, credit card loans, and other consumer loans).**Copyright American Banker 1990.**

Largest Home Equity Loan Growth

Among Top 100 (Dollar amounts in thousands)

		Home Eq. Loans 12/31/89	Home Eq. Loans 12/31/88	Incr. (%)	C.L. Rank
1	First Deposit National Bank, Tilton, N.H.	11,375	764	1388.9	85
2	Meridian Bank, Reading, Pa.★	145,676	40,819	256.9	31
3	First Interstate Bank of California, Los Angeles	564,332	170,276	231.4	11
4	Sanwa Bank California, San Francisco	33,345	11,713	184.7	100
5	Pittsburgh National Bank	253,992	91,161	178.6	40
6	Citibank (Nevada) NA, Las Vegas	9,026	3,275	175.6	8
7	Shawmut Bank NA, Boston	572,193	233,376	145.2	46
8	Sovran Bank NA, Richmond	175,122	86,629	102.2	23
9	Chemical Bank New Jersey NA, Morristown★	357,528	177,257	101.7	54
10	Barnett Bank of South Florida NA, Miami	79,758	41,507	92.2	47

(★)— Merger(s) in 1989 may account for most of the gain. **C.L. Rank**— Consumer loan rank.

Largest Growth in Mortgage Loans

Among Top 100 (Dollar amounts in millions)

		Mtge. Loans 12/31/89	Mtge. Loans 12/31/88	Decr. (%)	C.L. Rank
1	Bank of New York★	2,149.6	402.5	434.0	17
2	Chemical Bank New Jersey NA, Morristown★	693.1	233.8	196.4	54
3	Meridian Bank, Reading, Pa.★	1,102.6	396.1	178.3	31
4	Citibank (Nevada) NA, Las Vegas	51.8	20.5	152.6	8
5	Midlantic National Bank, Newark, N.J.★	219.6	89.2	146.3	60
6	Boatmen's National Bank, St. Louis★	871.8	384.1	127.0	71
7	First National Bank, Boston	1,037.3	568.7	82.4	49
8	Banco Popular de Puerto Rico, San Juan	315.2	170.0	85.4	44
9	Chemical Bank, New York	2,787.0	1,530.0	82.2	12
10	Southeast Bank NA, Miami★	2,093.2	1,185.8	76.5	14

(★)— Merger(s) in 1989 may account for most of the gain. **C.L. Rank**— Consumer loan rank.

BANK LOANS TO THE CONSUMER

Top 200 Banks in Home Equity Loans

Based on federal regulatory report of condition data for Dec. 31, 1989 (dollar amounts in millions)

Rank 12/89		Home Equity Loans 12/31/89	Home Equity Loans 12/31/88	Percent Change
1	Wells Fargo Bank NA, San Francisco	1,922	1,736	10.7
2	Bank of America NT&SA, San Francisco	1,825	1,170	56.0
3	Citibank NA, New York	1,532	1,397	9.7
4	Security Pacific National Bank, Los Angeles	1,281	758	69.0
5	Connecticut National Bank, Hartford	737	609	21.1
6	Chase Manhattan Bank NA, New York	724	496	46.0
7	First Fidelity Bank NA NJ, Newark	690	588	17.4
8	Marine Midland Bank NA, Buffalo, N.Y.	622	500	24.3
9	Connecticut Bank & Trust Co. NA, Hartford	578	535	7.9
10	Shawmut Bank NA, Boston	572	233	145.2
11	First Interstate Bank of California, Los Angeles	564	170	231.4
12	NCNB National Bank of North Carolina, Charlotte	473	422	12.2
13	Bank of New York	444	319	39.0
14	Midlantic National Bank, Newark	428	247	73.3
15	First Union National Bank, Charlotte, N.C.	379	286	32.5
16	Valley National Bank of Arizona, Phoenix	377	344	9.7
17	Union Bank, San Francisco	360	278	29.7
18	Chemical Bank New Jersey NA, Morristown	358	177	101.7
19	Chemical Bank, New York	342	271	26.2
20	Signet Bank/Virginia, Richmond	327	318	2.9
21	Barclays Bank of New York NA	323	280	15.3
22	First Jersey National Bank, Jersey City	304	240	26.6
23	BayBank Middlesex, Burlington, Mass.	304	284	7.1
24	First National Bank, Boston	279	235	18.8
25	Fleet National Bank, Providence, R.I.	276	253	9.2
26	Wachovia Bank & Trust Co. NA, Winston-Salem, N.C.	275	247	11.5
27	Huntington National Bank, Columbus, Ohio	274	262	4.3
28	Society National Bank, Cleveland	269	177	51.5
29	First National Bank of Maryland, Baltimore	269	199	34.7
30	Crestar Bank, Richmond	265	199	33.4
31	Riggs National Bank, Washington, D.C.	258	227	13.4
32	Pittsburgh National Bank	254	91	178.6
33	Union Trust Co., Stamford, Conn.	247	232	6.6
34	Equitable Bank NA, Baltimore	245	199	23.5
35	First Bank NA, Minneapolis	243	160	52.3
36	Citizens & Southern National Bank, Atlanta	238	166	43.6
37	Comerica Bank-Detroit	236	163	44.7
38	First Fidelity Bank NA, Totowa. N.J.	230	203	13.6
39	Bank of Hawaii, Honolulu	219	184	18.9
40	Southeast Bank NA, Miami	214	155	38.0
41	Manufacturers Hanover Trust Co., New York	210	238	-11.8
42	Bank of New England NA, Boston	203	259	-21.9
43	New Jersey National Bank, Pennington	197	188	4.6
44	First-Citizens Bank & Trust Co., Raleigh, N.C.	192	160	20.1
45	UJB/Hackensack, N.J.	190	141	35.3
46	Chase Bank of Maryland, Baltimore	189	151	24.6
47	Midlantic National Bank/North, West Paterson, N.J.	188	163	15.3
48	National Community Bank, Rutherford, N.J.	184	169	9.2
49	Norstar Bank of Upstate New York, Albany	181	142	27.5
50	Sovran Bank NA, Richmond	175	87	102.2
51	Sovran Bank/Maryland, Bethesda	171	142	20.4
52	BayBank Norfolk Cty Trust Co., Dedham, Mass.	166	147	12.6
53	Boston Safe Deposit & Trust Co.	165	144	15.1
54	South Carolina National Bank, Columbia	164	148	10.4
55	First National Bank, Chicago	163	206	-20.9
56	Fidelity Bank NA, Philadelphia	162	100	62.4
57	United Bank & Trust Co., Hartford, Conn.	162	130	24.8
58	Bank of Boston Connecticut, Waterbury	157	148	6.6
59	United Jersey Bank NA, Princeton, N.J.	156	144	8.5
60	Massachusetts Co., Inc., Boston	155	4	4111.1
61	Rhode Island Hospital Trust NA, Providence, R.I.	153	128	19.0
62	AmSouth Bank NA, Birmingham	151	111	36.3
63	First National Bank, Atlanta	149	109	36.8
64	Boatmen's National Bank, St. Louis	149	82	82.6
65	Meridian Bank, Reading, Pa.	146	41	256.9
66	Citizens & Southern National Bank, Columbia, S.C.	145	129	12.5
67	Citibank (New York State), Perinton	144	100	43.8
68	Signet Bank/Maryland, Baltimore	140	129	8.8
69	Citizens First National Bank, Ridgewood, N.J.	140	137	2.5
70	Chase Lincoln First Bank NA, Rochester, N.Y.	139	112	24.7
71	Shawmut Worcester County Bank NA, Worcester, Mass.	139	106	30.7
72	Citizens & Southern Nat'l Bank, Ft Lauderdale, Fla.	136	115	18.3
73	First Union National Bank of Florida, Jacksonville	135	107	26.3
74	Norstar Bank NA, Buffalo, N.Y.	133	102	30.7
75	Delaware Trust Co., Wilmington	130	111	17.3
76	Bank of New England-South NA, Brockton, Mass.	130	27	386.1
77	Bank of California NA, San Francisco	130	83	56.8
78	First Fidelity Bank NA, Burlington Township, N.J.	127	112	13.7
79	First Tennessee Bank NA, Memphis	127	108	17.5
80	Bank of New England-North NA, Lowell, Mass.	125	11	1022.9
81	NCNB National Bank of South Carolina, Columbia	125	94	32.9
82	Manufacturers National Bank, Detroit	125	101	23.7
83	Mercantile Bank of St. Louis NA, Clayton, Mo.	120	104	15.9
84	National City Bank, Cleveland	119	113	6.0
85	Northern Trust Co., Chicago	117	96	21.6
86	First Alabama Bank, Montgomery	116	96	21.3
87	First Chicago Bank, Mount Prospect, Ill.	116	15	674.6
88	First Virginia Bank, Falls Church	114	88	29.1
89	Dominion Bank NA, Roanoke, Va.	114	104	8.8
90	Merrill Lynch B&T Co., Plainsboro Township, N.J.	114	357	-68.2
91	First Security Bank of Utah NA, Salt Lake City	112	106	6.4
92	First Pennsylvania Bank NA, Philadelphia	109	94	16.3
93	Central Trust Company NA, Cincinnati	109	98	11.5
94	National Westminster Bank USA, New York	108	87	23.6
95	National State Bank, Elizabeth, N.J.	106	86	24.0
96	Commerce Bank NA, Evesham Township, N.J.	106	24	349.6
97	Southern National Bank, Lumberton, N.C.	105	84	24.6
98	Amboy-Madison National Bank, Old Bridge Township, N.J.	103	80	28.8
99	City National Bank, Beverly Hills	103	60	71.0
100	Wilmington Trust Co., Del.	102	75	36.5
	Totals for the Top 100 Banks	**28,300**	**21,940**	**29.0**
101	Central Fidelity Bank, Richmond	102	69	48.9
102	Citibank (Arizona), Phoenix	102	88	14.9
103	Merrill/Norstar Bank, Bangor, Me.	100	69	44.5
104	Michigan National Bank, Farmington Hills	98	67	47.7
105	Norwest Bank Minnesota NA, Minneapolis	96	88	8.8
106	Central Carolina Bank & Trust Co., Durham, N.C.	95	87	9.1
107	Florida National Bank, Jacksonville	93	76	21.9
108	Ameritrust Co. NA, Cleveland	92	55	67.0
109	First National Bank,Toms River, N.J.	91	86	5.7
110	NCNB National Bank of Florida, Tampa	89	47	91.0
111	Central Bank of the South, Birmingham, Ala.	88	67	30.8
112	Key Bank of Southeastern New York NA, Chester	88	60	46.1
113	Fleet Bank, Nashua, N.H.	87	32	175.9
114	BayBank Harvard Trust Co., Cambridge, Mass.	87	82	5.6
115	Bank of New England-West NA, Springfield, Mass.	86	78	10.3
116	Shawmut Arlington Trust Co., Lawrence, Mass.	85	73	17.0
117	First Hawaiian Bank, Honolulu	85	56	50.7
118	First American Bank of Virginia, McLean	85	73	16.3
119	Bank of Baltimore	85	51	65.9
120	Bank of New England-Worchester, Mass.	85	74	13.8
121	Harris Trust and Savings Bank, Chicago	84	67	25.2
122	First National Bank of Cntrl. Jersey, Bridgewater Twnshp., N.J.	84	82	2.0
123	Bank South NA, Atlanta	83	75	10.4
124	Continental Bank NA, Chicago	81	74	10.7
125	Bucks County Bank & Trust Co., Perkasie, Pa.	81	79	2.8
126	Mellon Bank NA, Pittsburgh	81	119	-32.0
127	Sun Bank NA, Orlando, Fla.	81	79	2.3
128	Trustco Bank of New York, Schenectady	80	51	58.2
129	People's Bank NA, Johnston, R.I.	80	77	3.5
130	Barnett Bank of South Florida NA, Miami	80	42	92.2
131	Security Pacific Bank-Arizona, Phoenix	79	71	12.1
132	Central Jersey B&T Co., Freehold Township, N.J.	79	78	1.4
133	Valley Bank of Nevada, Las Vegas	78	54	44.8
134	Maine National Bank, Portland	77	58	32.9
135	Philadelphia National Bank	75	53	41.8
136	Westamerica Bank NA, San Rafael, Calif.	74	60	24.4
137	United Jersey Bank/South NA, Cherry Hill, N.J.	74	64	16.1
138	Key Bank NA, Albany, N.Y.	74	50	46.0
139	Commerce Bank of St. Louis NA, Clayton, Mo.	73	60	23.4
140	First Union National Bank of Georgia, Atlanta	73	54	35.3
141	First American National Bank, Nashville, Tenn.	73	66	10.5
142	Summit Trust Co., N.J.	73	68	7.5
143	Dominion Bank of Northern Virginia, Vienna	72	59	22.9
144	Dominion Bank of Richmond NA	71	59	19.6
145	BayBank Southeast NA, Plymouth, Mass.	70	69	1.9
146	First National Bank, Cincinnati	70	60	15.6
147	Bank of Delaware, Wilmington	69	57	22.6
148	Trust Company Bank, Atlanta	69	60	15.0
149	United Counties Trust Co., Cranford, N.J.	69	64	8.3
150	Maryland National Bank, Baltimore	69	189	-63.7
151	Mid-America Bank of Louisville & Trust Co., Ky.	68	61	12.0
152	United Carolina Bank, Whiteville, N.C.	68	53	29.7
153	Bank of New England/Old Colony NA, Providence R.I.	67	62	8.4
154	National Bank of Detroit	66	36	83.9
155	Sovran Bank/Central South, Nashville, Tenn.	65	54	20.5
156	Dominion Bank of Greater Hampton Roads, Norfolk	65	55	19.1
157	Citizens Fidelity Bank & Trust Co., Louisville, Ky.	65	52	25.8
158	BancOhio National Bank, Columbus	65	58	12.4
159	Bank One Columbus NA, Ohio	63	42	48.9
160	PNC National Bank, Wilmington, Del.	63	43	45.4
161	Prudential Bank & Trust Co., Atlanta	62	47	30.5
162	Gary-Wheaton Bank, Wheaton, Ill.	62	0	ERR
163	Valley National Bank, Passaic, N.J.	61	51	19.9
164	First Interstate Bank of Oregon NA, Portland	61	45	34.7
165	Mark Twain Bank NA, Ladue, Mo.	60	34	78.1
166	San Diego Trust & Savings Bank, Calif.	60	39	53.5
167	Dauphin Deposit Bank & Trust Co., Harrisburg, Pa.	59	43	38.2
168	LaSalle National Bank, Chicago	59	35	69.4
169	Key Bank of Central New York NA, Syracuse	58	31	85.7
170	First Chicago Bank, Oak Park, Ill	58	8	620.3
171	SouthTrust Bank of Alabama NA, Birmingham	58	43	35.3
172	United Jersey Bank/Commercial Trust, Jersey City, N.J.	58	55	4.2
173	BayBank Boston NA	58	60	-3.4
174	Chittenden Trust Co., Burlington, Vt.	57	45	28.2
175	Branch Banking and Trust Co., Wilson, N.C.	57	36	58.4
176	National City Bank, Akron, Ohio	56	37	52.6
177	United Jersey Bank/Mid State, Hazlet Twnshp., N.J.	55	46	17.7
178	Bank One Akron NA, Ohio	55	48	13.5
179	Trustcorp Bank, South Bend, Ind.	54	51	5.4
180	Zions First National Bank, Salt Lake City, Utah	53	52	1.9
181	Key Bank Maine, Augusta	53	42	26.7
182	Rockland Trust Co., Mass.	53	38	38.1
183	Security Pacific Bank Washington NA, Seattle	53	34	54.3
184	Manufacturers & Traders Trust Co., Buffalo, N.Y.	52	37	41.8
185	First American Bank NA, Washington, D.C.	52	47	10.2
186	First Interstate Bank of Hawaii, Honolulu	52	32	62.6
187	Merchants Bank NA, Allentown, Pa.	52	41	24.4
188	First Valley Bank, Bethlehem, Pa.	51	47	10.0
189	First Interstate Bank of Nevada NA, Reno	51	36	40.2
190	Valley Bank & Trust Co., Salt Lake City, Utah	51	33	52.4
191	United Jersey Bank/Northwest, Randolph, N.J.	51	46	11.1
192	Bank One Dayton NA, Ohio	50	52	-4.0
193	USTrust/Middlesex, Cambridge, Mass.	50	19	165.4
194	Society Bank NA, Dayton, Ohio	50	38	30.5
195	National Bank of Boyertown, Pa.	50	40	23.1
196	Marquette Bank Minneapolis NA	49	35	39.5
197	Commerce Bank of Kansas City NA, Mo.	48	36	33.0
198	Atlantic Bank of New York	48	38	26.3
199	National Bank of Commerce, Memphis	48	37	31.8
200	Equibank, Pittsburgh	48	47	0.5
	Totals for the Top 200 Banks	**$35,223**	**$27,513**	**28.02**
	Totals for All FDIC-Insured Banks	**$50,825**	**$40,001**	**27.06**

Data Sources: Data were provided by **W.C. Ferguson & Co.**, Irving, Tex. from **BankSource,** a data base of the Federal Regulatory report of condition (RC). Ferguson does not adjust the 1988 data for mergers occurring in 1989. Some of the large changes may be attributable to mergers. Data for all federally insured banks provided by the **Federal Deposit Insurance Corp.,** Washington, D.C. **Home equity loans** are revolving, open-end loans secured by 1-4 family residential properties and extended under lines of credit. (Schedule RC-C, Column B, item 1.c.(1).)

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BANK LOANS TO THE CONSUMER

Top 200 Banks in Mortgage Loans

Based on federal regulatory report of condition data for Dec. 31, 1989. Exludes home equity loans. (dollar amounts in millions)

Rank 12/89		Mortgage Loans 12/31/89	Mortgage Loans 12/31/88	Percent Change
1	Bank of America NT&SA, San Francisco	14,822	11,377	30.3
2	Security Pacific National Bank, Los Angeles	9,866	6,634	48.7
3	Wells Fargo Bank NA, San Francisco	8,434	5,832	44.6
4	Citibank NA, New York	7,647	7,009	9.1
5	Chase Manhattan Bank NA, New York	6,674	4,426	50.8
6	Boston Safe Deposit & Trust Co.	4,105	4,040	1.6
7	Chemical Bank, New York	2,787	1,530	82.2
8	First Union National Bank, Charlotte, N.C.	2,763	2,581	7.0
9	Bank of New York	2,150	403	434.0
10	Connecticut National Bank, Hartford	2,148	1,769	21.4
11	First Interstate Bank of California, Los Angeles	2,105	1,579	33.3
12	Southeast Bank NA, Miami	2,093	1,186	76.5
13	Union Bank, San Francisco	1,681	1,388	21.1
14	Seattle-First National Bank	1,591	1,130	40.9
15	NCNB Texas National Bank, Dallas	1,563	1,153	35.6
16	First Union National Bank of Florida, Jacksonville	1,560	1,126	38.5
17	Marine Midland Bank NA, Buffalo, N.Y.	1,543	1,185	30.2
18	NCNB National Bank of North Carolina, Charlotte	1,306	941	38.8
19	Chase Lincoln First Bank NA, Rochester, N.Y.	1,217	1,083	12.4
20	Citibank (New York State), Perinton	1,209	1,155	4.7
21	Sovran Bank NA, Richmond	1,141	1,049	8.8
22	Meridian Bank, Reading, Pa.	1,103	396	178.3
23	Wachovia Bank & Trust Co. NA, Winston-Salem, N.C.	1,096	846	29.5
24	Citibank of Florida NA, Dania	1,038	20	4986.6
25	First National Bank, Boston	1,037	569	82.4
26	Hibernia National Bank, New Orleans	994	724	37.3
27	Barnett Bank of South Florida NA, Miami	954	745	28.1
28	First National Bank, Chicago	916	868	5.6
29	Boatmen's National Bank, St. Louis	872	384	127.0
30	Barnett Bank of Southwest Florida, Sarasota	850	840	1.2
31	Barnett Bank of Pinellas County, St. Petersburg, Fla.	846	761	11.1
32	First Alabama Bank, Montgomery	836	572	46.1
33	Bank One Texas NA, Dallas	832	0	...
34	Comerica Bank-Detroit	806	653	23.4
35	First Fidelity Bank NA, Newark, N.J.	805	1,172	-31.3
36	NCNB National Bank of Florida, Tampa	791	693	14.2
37	Michigan National Bank, Farmington Hills	789	508	55.3
38	National Community Bank, Rutherford, N.J.	784	735	6.6
39	Security Pacific Bank Washington NA, Seattle	732	556	31.7
40	Wilmington Trust Co., Del.	719	583	23.3
41	National Bank of Detroit	709	795	-10.8
42	Citizens & Southern National Bank, Ft. Lauderdale, Fla.	696	712	-2.2
43	Citizens & Southern National Bank, Atlanta	695	719	-3.2
44	Chemical Bank New Jersey NA, Morristown	693	234	196.4
45	Bank of Hawaii, Honolulu	688	574	19.9
46	Crestar Bank, Richmond	681	705	-3.5
47	First National Bank of Maryland, Baltimore	674	592	13.8
48	Sanwa Bank California, San Francisco	672	442	52.1
49	Manufacturers National Bank, Detroit	670	650	3.1
50	AmSouth Bank NA, Birmingham	670	761	-12.0
51	Ameritrust Co. NA, Cleveland	669	704	-5.0
52	Valley National Bank, Phoenix, Ariz.	666	652	2.3
53	Riggs National Bank, Washington, D.C.	661	382	73.1
54	First National Bank, Atlanta	651	592	9.9
55	First Bank NA, Minneapolis	650	628	3.5
56	Branch Banking and Trust Co., Wilson, N.C.	617	669	-7.8
57	BayBank Middlesex, Burlington, Mass.	612	564	8.6
58	Bank of California NA, San Francisco	612	539	13.6
59	First Florida Bank NA, Tampa	608	732	-16.9
60	Citibank (Arizona), Phoenix	603	705	-14.5
61	Dominion Bank NA, Roanoke, Va.	593	440	34.8
62	Manufacturers & Traders Trust Co., Buffalo, N.Y.	587	518	13.4
63	Chase Bank of Maryland, Baltimore	563	514	9.6
64	Society National Bank, Cleveland	546	344	58.7
65	Bank of Baltimore	536	627	-14.6
66	Florida National Bank, Jacksonville	535	497	7.7
67	Chase Bank of Ohio, Columbus	526	568	-7.4
68	Northern Trust Co., Chicago	524	412	27.1
69	Massachusetts Co., Inc., Boston	500	382	31.0
70	First Union National Bank of Georgia, Atlanta	491	338	45.0
71	U.S. Bank of Washington NA, Seattle	488	403	21.1
72	Barnett Bank of Palm Beach Cty., West Palm Beach, Fla.,	472	387	22.0
73	Central Fidelity Bank, Richmond	471	371	26.9
74	Shawmut Bank NA, Boston	464	481	-3.4
75	Maryland National Bank, Baltimore	459	465	-1.3
76	Connecticut Bank & Trust Co. NA, Hartford	457	589	-22.4
77	Union Trust Co., Stamford, Conn.	452	193	134.6
78	South Carolina National Bank, Columbia	452	376	20.1
79	First Fidelity Bank NA, Totowa, N.J.	447	438	2.1
80	Pittsburgh National Bank	443	404	9.7
81	Equibank, Pittsburgh	441	249	76.9
82	First Interstate Bank NA, Houston	438	502	-12.7
83	Fidelity Bank NA, Philadelphia	437	476	-8.2
84	Mercantile Bank of St. Louis NA, Clayton, Mo.	434	327	32.5
85	First Security Bank of Utah NA, Ogden	434	426	1.8
86	Central Bank of the South, Birmingham, Ala.	431	392	10.1
87	Norwest Bank Minnesota NA, Minneapolis	430	474	-9.3
88	Huntington National Bank, Columbus, Ohio	428	359	19.4
89	Team Bank NA, Fort Worth, Tex.	428	0	...
90	Sun Bank/South Florida NA, Fort Lauderdale	427	334	27.9
91	Norstar Bank of Upstate NY, Albany	425	367	15.8
92	United States National Bank, Portland, Ore.	416	372	12.0
93	First Interstate Bank of Arizona NA, Phoenix	410	333	23.3
94	Provident National Bank, Philadelphia	409	338	20.8
95	First Interstate Bank of Washington NA, Seattle	399	293	35.9
96	United Jersey Bank, Hackensack, N.J.	397	268	48.4
97	United Bank & Trust Co., Hartford, Conn.	392	354	10.7
98	First Security Bank of Idaho NA, Boise	391	362	7.9
99	Banco de Ponce, P.R.	390	359	8.7
100	First Eastern Bank NA, Wilkes-Barre, Pa.	389	323	20.6
	Totals for the Top 100 Banks	**126,752**	**98,201**	**29.07**

Rank 12/89		Mortgage Loans 12/31/89	Mortgage Loans 12/31/88	Percent Change
101	Continental Bank, Norristown, Pa.	389	384	1.2
102	First Virginia Bank, Falls Church	388	350	11.0
103	European American Bank, New York	384	267	43.8
104	BayBank Norfolk County Trust Co., Dedham, Mass.	383	359	6.8
105	First Interstate Bank of Oregon NA, Portland	379	267	41.8
106	Premier Bank NA, Baton Rouge, La.	378	0	...
107	First Hawaiian Bank, Honolulu	373	340	9.8
108	Sovran Bank/Central South, Nashville, Tenn.	371	263	41.0
109	National City Bank, Cleveland	368	361	1.9
110	Citizens First National Bank, Ridgewood, N.J.	365	344	6.1
111	Mellon Bank NA, Pittsburgh	364	261	39.5
112	First Tennessee Bank NA, Memphis	358	317	12.8
113	Union Planters National Bank, Memphis	356	270	31.8
114	First of America Bank-SE Michigan NA, Detroit	352	315	11.8
115	Deposit Guaranty National Bank, Jackson, Miss.	348	301	15.6
116	Fleet National Bank, Providence, R.I.	344	433	-20.6
117	Barnett Bank of Jacksonville NA, Fla.	342	261	31.1
118	Barnett Bank of Central Florida NA, Orlando	342	273	25.3
119	INB National Bank, Indianapolis	340	297	14.5
120	Manufacturers Hanover Trust Co., New York	339	275	23.3
121	Trustmark National Bank, Jackson, Miss.	327	275	19.1
122	Sun Bank NA, Orlando, Fla.	320	295	8.3
123	Banco Popular de Puerto Rico, San Juan	315	170	85.4
124	First American Bank of Virginia, McLean	307	309	-0.5
125	Chittenden Trust Co., Burlington, Vt.	307	302	1.6
126	Northeastern Bank of Pennsylvania, Wilkes-Barre	306	376	-18.7
127	Chase Bank of Arizona, Phoenix	301	295	1.9
128	Central Trust Co. NA, Cincinnati	300	212	41.7
129	NCNB National Bank of South Carolina, Columbia	298	240	24.3
130	Eastern Bank, Lynn, Mass.	295	0	...
131	Bank of Boston Connecticut, Waterbury	290	298	-2.7
132	BancOhio National Bank, Columbus	290	266	8.9
133	First-Citizens Bank & Trust Co., Raleigh, N.C.	289	199	45.1
134	Summit Trust Co., N.J.	286	274	4.3
135	AmSouth Bank of Florida, Pensacola	282	315	-10.4
136	Barnett Bank of Pasco Cty., Holiday, Fla.	282	236	19.2
137	Amboy-Madison National Bank, Old Bridge Township, N.J.	282	277	1.7
138	United Penn Bank, Wilkes-Barre, Pa.	278	232	19.8
139	Bank of the West, San Francisco	275	220	25.4
140	Imperial Bank, Inglewood, Calif.	274	134	104.9
141	Dauphin Deposit Bank & Trust Co., Harrisburg, Pa.	273	269	1.5
142	Midlantic National Bank/North, West Paterson, N.J.	270	267	1.2
143	National State Bank, Elizabeth, N.J.	270	250	7.8
144	Central Carolina Bank & Trust Co., Durham, N.C.	269	245	9.6
145	American Security Bank NA, Washington, D.C.	268	229	17.0
146	Casco Northern Bank NA, Portland, Me.	267	243	9.9
147	Barnett Bank of Tampa NA, Fla.	267	251	6.3
148	Society Bank NA, Dayton, Ohio	264	241	9.6
149	National Westminster Bank USA, New York	263	218	20.7
150	Old Kent Bank and Trust Co., Grand Rapids, Mich.	257	205	25.1
151	Boatmen's First National Bank, Kansas City, Mo.	256	159	60.5
152	Comerica Bank NA, Jackson, Mich.	255	20	1162.8
153	Commerce Bank of St. Louis NA, Clayton, Mo.	254	206	22.8
154	Sumitomo Bank of California, San Francisco	252	188	34.4
155	BayBank Harvard Trust Co., Cambridge, Mass.	252	221	13.7
156	Provident Bank of Maryland, Baltimore	249	315	-20.7
157	Sovran Bank/Maryland, Bethesda	248	239	3.7
158	Hamilton Bank, Lancaster, Pa.	245	217	13.0
159	First National Bank of Ohio, Akron	245	230	6.2
160	United States Trust Co., New York	242	200	20.6
161	Bank of Delaware, Wilmington	241	216	11.8
162	Atlantic Bank of New York	240	223	7.7
163	United Carolina Bank, Whiteville, N.C.	238	208	14.7
164	Jefferson National Bank, Charlottesville, Va.	238	209	13.7
165	First Pennsylvania Bank NA, Philadelphia	237	195	22.0
166	Continental Bank NA, Chicago	236	107	120.1
167	M&I Marshall & Ilsley Bank, Milwaukee	235	223	5.5
168	Barnett Bank of Naples, Fla.	235	172	36.4
169	Citizens Fidelity Bank & Trust Co., Louisville, Ky.	233	283	-17.7
170	First Interstate Bank of Nevada NA, Reno	231	182	26.8
171	First Seneca Bank, Butler, Pa.	229	215	6.6
172	Shawmut Worcester County Bank NA, Worcester, Mass.	229	212	7.9
173	Key Bank of Central New York NA, Syracuse	225	226	-0.1
174	Rhode Island Hospital Trust NA, Providence, R.I.	225	161	39.7
175	Barclays Bank of New York NA	223	252	-11.5
176	Key Bank NA, Albany, N.Y.	223	149	50.4
177	Landmark Bank, Clayton, Mo.	223	174	28.2
178	Citibank (Maine) NA, South Portland	222	199	11.8
179	Adams Cty. Nat'l Bank, Cumberland Township, Pa.	222	210	5.5
180	Sun Bank of Lee County NA, Fort Myers, Fla.	221	189	17.3
181	Sun Bank & Trust Co., Brooksville, Fla.	220	207	6.4
182	Midlantic National Bank, Newark, N.J.	220	89	146.3
183	Colonial National Bank USA, Wilmington, Del.	218	149	46.3
184	Marquette Bank Minneapolis NA	217	225	-3.9
185	Bank South NA, Atlanta	216	208	3.9
186	Philadelphia National Bank	215	169	27.5
187	Colonial Bank, Huntsville, Ala.	215	156	38.0
188	Putnam Trust Co., Greenwich, Conn.	214	202	6.3
189	First National Bank of Cntrl Jersey, Bridge Water Twnshp.	214	205	4.5
190	Barnett Bank of Lee County NA, Fort Myers, Fla.	211	172	23.0
191	First National Bank, Cincinnati	211	145	45.5
192	New Jersey National Bank, Pennington	210	171	22.9
193	Bank One NA, Indianapolis	209	177	18.5
194	Merchants Bank NA, Allentown, Pa.	209	278	-24.6
195	Valley National Bank, Passaic, N.J.	209	196	6.6
196	First City National Bank, Houston	208	147	41.9
197	Fifth Third Bank, Cincinnati	208	170	22.0
198	Barnett Bank of Manatee Cty. NA, Fla.	208	184	12.8
199	Signet Bank/Virginia, Richmond	207	172	19.9
200	Sunburst Bank, Grenada, Miss.	206	184	12.2
	Totals for the Top 200 Banks	**153,936**	**121,088**	**27.13**
	Totals for All FDIC-Insured Banks	**$300,059**	**$261,709**	**14.65**

Data Sources: Data were provided by **W.C. Ferguson & Co.**, Irving, Tex. from **BankSource,** a data base of the Federal Regulatory report of condition (RC). Ferguson does not adjust the 1988 data for mergers occurring in 1989. Some of the large changes may be attributable to mergers. Data for all federally insured banks provided by the **Federal Deposit Insurance Corp.**, Washington, D.C. **Mortgage loans** are loans secured by 1-4 family residential properties. First and second mortgage loans are included, but home equity loans are excluded. (Schedule RC-C, Column B, item 1.c.(2).)

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Pressure Mounts To Allow Banks Free Branching

By ROBERT TRIGAUX

WASHINGTON — Claiming that the U.S. banking industry is overly fragmented and losing ground to international competitors, a powerful coalition of federal regulators, legislators, influential consultants, and some large banks is renewing the call to allow U.S. banks to branch nationwide.

The drive favoring larger U.S. banks with extensive branch networks is being engineered by top Federal Reserve Board officials and key members of Congress, among others.

Their moves pose the latest challenge to states that want to preserve their historical right under the McFadden Act to control banking activities within their borders.

ANALYSIS: *Follow-up on the news*

The latest strike for nationwide banking is legislation to be introduced this week by Sen. Christopher Dodd, D-Conn., and Rep. Charles Schumer, D-N.Y.

Greenspan Backs Move

At a hearing last Thursday, Federal Reserve Board Chairman Alan Greenspan asked Sen. Dodd if this legislation would mean an end to the McFadden Act. Told that it would, Mr. Greenspan responded, "No question, it would be highly desirable."

The McFadden law, enacted in 1927, allows national banks to open branches in a given state only to the extent allowed state-chartered banks. It thus gives state governments the final word on branch authority for all banks regardless of charter, and broadly prohibits banks from opening deposit-taking offices across state borders.

Branching Laws Varied

By way of reciprocal interstate banking laws that many states enacted during the 1980s, bank holding companies can buy or establish a separate institution in each state they enter. In most cases, entry into each new state requires the expense and bureaucracy of an independent management and a new board of directors.

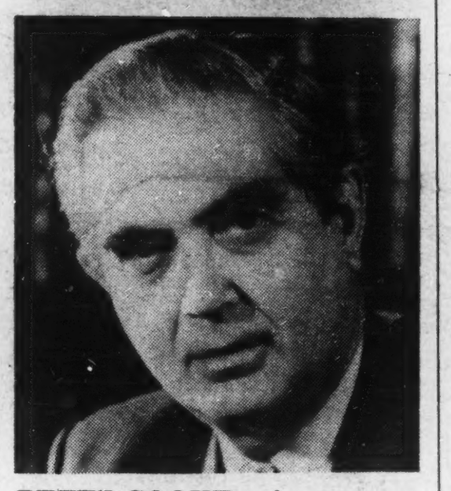
A majority of states permit some form of interstate banking. About 30 allow statewide branching, 13 others have restricted branching laws, and a handful still operate as unit banking states with very limited or no branching.

Federal Reserve Board Governor John LaWare thinks the McFadden Act has contributed

See **PRESSURE** *page* **14**

INSIDE NEWS

WASHINGTON



PETER COOKE, a former Bank of England official who helped lay the groundwork for international risk-based capital rules, suggested to the Senate Banking Committee that the U.S. emulate other nations and adopt a centralized system of bank regulation. *Page 8*

INTERNATIONAL

SOME JAPANESE bankers, fearing that further penetration of the U.S. market could prove a political liability, acknowledged that they may have to accept voluntary growth restraints. *Page 10*

FINANCE

RJR NABISCO Holdings Corp. appears well on the way to raising $2 billion to $3 billion in bank loans to help retire some of its junk bonds. *Page 14*

CONSUMER

SHOREBANK CORP. of Chicago doesn't just finance community development. A subsidiary, City Lands Corp., has built 1,300 units of low- and moderate-income housing units since it was formed in 1978. *Page 6*

TECHNOLOGY

VERIFONE and Financial News Network reached an agreement that will allow merchants to receive credit card authorizations via television airwaves. *Page 3*

PEOPLE

ARTHUR F. RYAN, newly appointed president of Chase Manhattan Corp., is a hands-on, Brooklyn-bred executive who fits right in at a patrician institution closely identified with Rockefellers. *Page 2*

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Older Baby Boomers' Unease Called Bankers' Opportunity

By ELLEN MEMMELAAR

NEW YORK — An unusual degree of financial uneasiness makes older members of the baby-boom generation a potentially lucrative marketing target for astute bankers, researchers and bank marketers say.

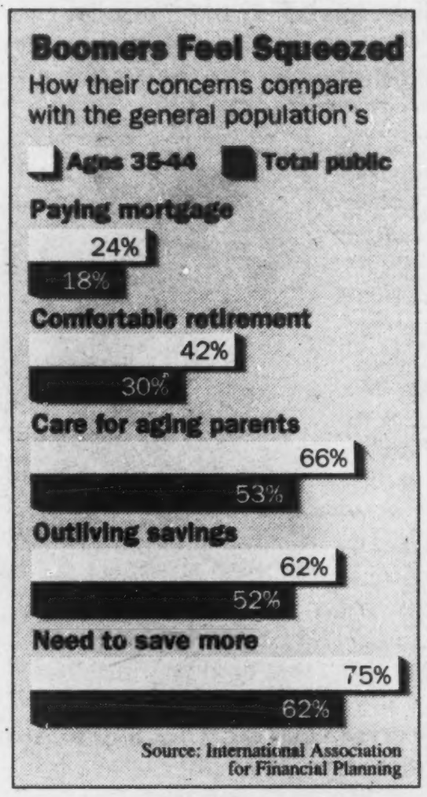
These baby boomers, 35 to 44 years old, see themselves in a three-way bind – having to support children, aging parents, and their own retirement plans – that calls for sophisticated financial planning.

Targeting the older baby boomers is being pushed by the International Association for Financial Planning, an Atlanta-based trade group, and a few banks are taking it to heart.

Special Attention

While the banks have long viewed the 70 million people born from 1946 to 1964 as a key marketing opportunity, the older half of that generation is beginning to attract special attention.

For example, U.S. Bank, the lead subsidiary of U.S. Bancorp., Portland, Ore., recently acquired a financial planning company. The bank has an eye toward attracting baby boomers who are in their prime income- and wealth-creating years but lack confidence in their ability to manage money and meet family financial demands.



"There are many things that banks can do for this segment of

See **BANKS** *page* **6**

Bush Orders New Steps To Combat S&L Crimes

By DEBRA COPE

WASHINGTON — Facing increasing political heat over his administration's handling of the savings industry crisis, President Bush announced several initiatives Friday to crack down on fraud and other criminal activity related to thrift failures.

His moves included creation of a federal strike force to catch criminal activity at financial institutions before it gets out of hand, and endorsement of proposals by Republic legislators to beef up enforcement tools and boost funds available for probing management abuses.

He also appointed James G. Richmond Jr., U.S. attorney for the northern district of Indiana since 1985, as special prosecutor to coordinate federal enforcement of thrift-related crimes.

"We will not rest until the cheats, the chiselers, and the charlatans spend a large chunk

See **BUSH** *page* **14**

Bankers Expect To Kill Bill on Check Cashing

By ROBERT M. GARSSON

WASHINGTON — After months of skirmishing, bankers are confident that they will defeat a bill this week that would require them to cash government checks for customers and noncustomers alike.

A decisive Senate vote on the bill could come on Tuesday, according to industry sources.

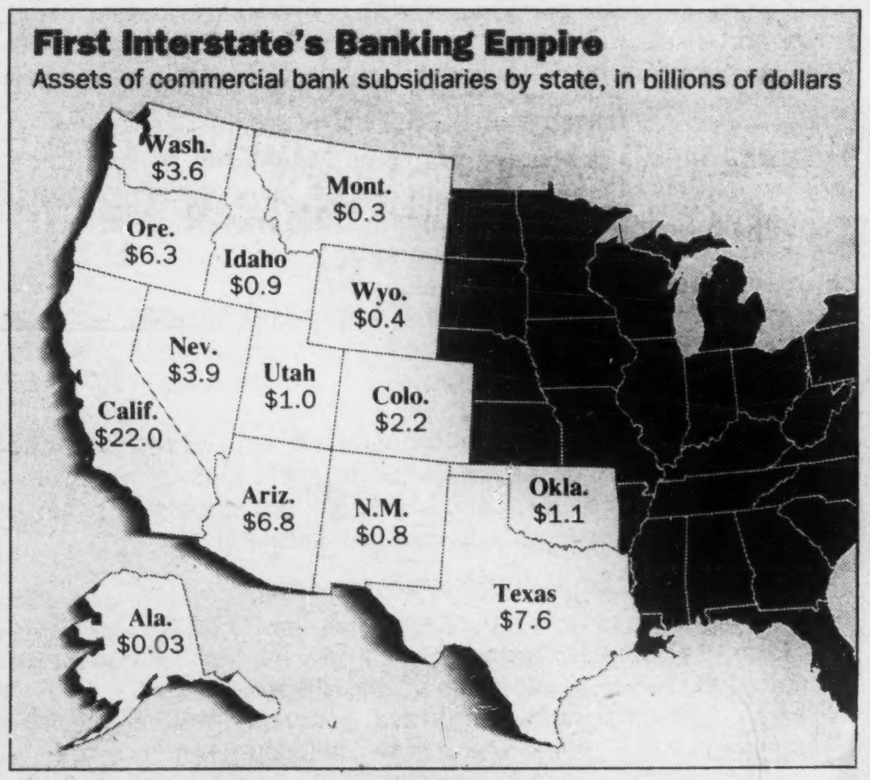
Banking lobbyists have adamantly opposed the measure since its sponsor, Sen. Howard Metzenbaum, began pushing it in 1987. That year, the Ohio Democrat was able to insert a similar provision – without a vote – into the Senate version of the Competitive Equality Banking Act. It was dropped from the final bill during conference negotiations with the House.

First Big Test

Now the requirement that banks and thrifts routinely cash most government checks faces its first high-stakes vote on the Senate floor. The banking industry, increasingly confident of victory, rejected attempts to reach a behind-the-scenes compromise this year.

If the industry prevails on the Senate floor, it may be able to

See **SENATE** *page* **7**



First Interstate's Vulnerability Livens Speculation in the Stock

By GORDON MATTHEWS

NEW YORK — With so many troubled thrifts for sale at bargain prices, the bank takeover market is relatively dormant these days. But that's not stopping speculators from keeping alive talk of a bid for First Interstate Bancorp.

The latest flurry of takeover talk began after First Interstate's depressed stock rocketed 12% on June 4. That, combined with earlier informal expressions of interest from Wells Fargo & Co. and Security Pacific Corp., has kept the rumors alive and given bank securities analysts the almost impossible task of trying to figure out when and if a merger bid might surface.

Big Repercussions

If such a blockbuster occurred, it would permanently alter the landscape of American banking in a way that few other

See **FIRST** *back page*

COMMENT / *By Paul S. Nadler*

CoreStates May Be Pulling A 'Whitewash' on Holders

Somebody at CoreStates Financial Corp. must have been deeply influenced by Mark Twain because that Philadelphia-based bank corporation recently offered its shareholders a deal that can only be compared to Tom Sawyer's being paid by his friends for the chance to do his chore of whitewashing the fence.

CoreStates is offering its shareholders the chance to join its dividend reinvestment program on the following revised basis: They can have dividends reinvested in CoreStates stock directly, and they can add optional amounts.

No Concessions Offered

Well, lots of banks offer this. What makes CoreStates' offer special?

- There is no discount from market price.
- Investors share in the full cost of brokerage.
- They also pay a fee of 4% of the funds invested (to a maximum of $2.50 per transaction).
- If they send in optional funds, they earn no interest until the date of the quarterly sweep and investment.

What a deal! For the shareholder? No. For CoreStates.

Market makers in bank shares report that when a bank has a reinvestment plan, dealers are willing to hold larger positions in the stock and thus give it greater liquidity. They see "light at the end of the tunnel."

Guaranteed Demand

By this is meant that dealers are less likely to be caught with positions they cannot liquidate because, every quarter, the stock is in demand as the dividend reinvestment funds are put to work. And banks with reinvestment programs usually have a broader market for their shares because of the greater willingness of market makers to stand up and take positions.

When banks need new capital, dividend reinvestment programs have the added value of offering a way to divert dividend payments into investment in newly issued stock – thus building the bank's capital base. Some bank corporations have offered discounts of as much as

5% to shareholders who buy stock with their dividends. This incentive has worked well, bankers report.

But the key is that banks really need an incentive to get shareholders to reinvest. To the stockholder, a dividend reinvestment program is really somewhat of a pain. Look at it:

- You get no cash dividend.
- You get a 1099 form anyway, so you have to take other money and pay tax on the dividends you didn't directly get.
- You have the crazy job of keeping records on how much you reinvested each year so that, when you sell the stock, you can adjust the cost basis accordingly.

Transaction Usually Cost-Free

Sure, in most instances, even when there is no discount, the shareholder gets a chance to reinvest with no fee and with the brokerage commission paid by the bank. This is little enough compensation for the effort, if there is no discount on the shares.

But CoreStates charges for the commission and levies a service fee, too. All it offers is the chance to combine your commission cost with that of the others reinvesting their dividends to gain the advantages of a large-scale transaction.

To this observer, it would seem that CoreStates would be better off not offering a reinvestment program, if it is considering the best interests of its shareholders and not just its own.

Policies that look at actions from the viewpoint of the bank alone have a way of backfiring.

The Demand-Deposit Dodge

Many bankers remember when some depositors held large deposits in demand-deposit form, earning no interest. The bank benefited, and many officers felt: "Why rock the boat? If they are happy, why tell them they could be earning interest on their funds?"

But when someone else – often another bank – finally told them what they were losing, the depositors got angry and, frequently, instead of just shifting the funds to interest-bearing form, pulled the whole account.

Similarly, stores that honor discounts only when they are demanded find that the passive shoppers, who paid the initial price presented without knowing they could bargain, get angry when they learn the truth. These shoppers often take their business elsewhere. □

Mr. Nadler is a contributing editor of the *American Banker* and professor of finance at Rutgers University's Graduate School of Management.

"SOUND OFF"

Last month, ailing American Bank & Trust Co. of New Orleans renamed itself Alerion Bank in hopes of revitalizing its image. The move renewed a discussion among bankers and consultants over the merits of name changes.

Some maintain that generic bank names, such as those beginning with "American" or "Federal," or names that refer to a particular city or state, which might hamstring a bank's interregional expansion plans, often *need* to be changed. Others, however, bemoaning what *The Wall Street Journal* recently referred to as "Klingonlike" names, fear that poorly chosen names might help to create a negative image for banks in general.

To gauge sentiment in the banking community about name-change programs, the *American Banker*'s Chicago bureau chief, Nanine Alexander, asked:

Q What effect does a bank's name have on its own image and that of the financial services industry?

■ Edward B. Brandon
Chairman/CEO
National City Corp.
Cleveland

You create marketing and image problems when you start out with a name no one has ever pronounced. I think some name changes are rather ridiculous.

It takes your customers a year to figure out how to say the new name and another year to figure out what it means.

I think that many name changes are a rather humorous endeavor on the part of marketing consultants. If we were to change the name of National City Corp., I would be inclined to choose a name that calls to mind the banking industry.

■ Maura Connolly
Retail marketing manager
Fifth Third Bancorp
Cincinnati

There is a benefit to having a unique name. What we found was that the uniqueness of our name stood out as we expanded; we didn't run into other banks with the same name when we went into a new market.

I think what you have to do is weigh the cost versus the benefit with an unusual name. Also, I don't know if an unusual name translates into comfort for a bank's customers.

■ Chris Mahai
Senior vice president
Corporate relations
First Bank System Inc.
Minneapolis

In the case of mergers and acquisitions, name changes are understandable. You want to start with something new and different.

There are so many common names, with a new, unique name a bank can stand out. But it's hard to establish equity and value in a new name. And a name change takes a large financial investment: In the early '80s, all our units had different names, but we renamed them First Bank System. It was an expensive undertaking.

Then there's the capital expenditure: You have to redo the bank's signs and all your forms and letterhead. And you have to have an ad campaign to reinforce the name.

In short, I think you must have a pretty good reason to do it.

■ C. Paul Johnson
Chairman/CEO
First Colonial Bankshares Corp.
Chicago

I have a problem with fancy, cute, or clever names. I think they detract from the industry.

If First Colonial bought a bank with such a name, we would have a tendency to change the name to something more acceptable to public taste.

I knew of a guy, used to be a Chicago banker, who started a bank out in Aspen [Colo.] and named it the Piggy Bank.

I don't think that's smart. A name like that wouldn't develop confidence in the bank.

■ Larry D. Bayliss
Senior vice president
Marketing and advertising
Boatmen's Bankshares Inc.
St. Louis

If you don't know the psychology or thought process behind a specific name change, judging the merits of a financial organization's choice becomes subjective.

For instance, let's say company A is developing a name that is obtrusive in the marketplace and is appealing to consumers, while company B is concerned with a name that is considered attractive by shareholders and financial analysts.

Because of the distinct thought processes involved, chances are the names selected will be 180 degrees apart. And because each name has its own group of supporters, both are appropriate.

But names aren't a substitute for high performance: In the end, no matter what the name, that's what counts. □

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COMMUNITY RELATIONS

Financier of Developments Also Does the Construction

By PHIL ROOSEVELT

Shorebank Corp. of Chicago doesn't just finance community development – it also does a lot of the work.

City Lands Corp., a real estate development subsidiary of Shorebank, has constructed about 1,300 units of low- and moderate-income housing units since it was formed in 1978.

Such development subsidiaries are "becoming more prevalent, but they are not yet common," said Janet Gordon, associate director of community development for the Office of the Comptroller of the Currency. Among the banking companies to embrace the concept are Continental Illinois Corp., Chicago, and NCNB Corp., Charlotte N.C.

Fit Seems Appropriate

A development company seems a natural fit for Shorebank, whose banking unit – the $180 million-asset South Shore Bank – focuses on community development. City Lands says it earns profits by selling the tax credits it receives to investment funds and by managing its properties.

"If you're just a lender, you're distanced from the actual production," says Thomas Moss, president of City Lands. "When you have people from the bank involved in the work, it gives you a better understanding of the credit needs and other issues in the community where you work."

> **"If you're just a lender, you're distanced from the actual production."**
>
> **Thomas Moss**
> *City Lands*

While City Lands has concentrated on multifamily housing, it recently celebrated the opening of Jeffery Plaza, a $10 million shopping center in Chicago's South Shore community, a low- and middle-income, largely black neighborhood.

The plaza was developed over eight years with South Shore Bank, the City of Chicago, community leaders, and private developers.

Mr. Moss said the project should enhance the value of Shorebank's residential developments in the area. So far, the plaza has an anchor tenant – Dominick's Finer Foods – and 12 of 23 smaller stores have been leased.

Buying Power Questioned

Mr. Moss said he is pleased with the pace but acknowledges that some potential tenants question the buying power of the local residents.

"There are some retailers that just haven't worked in black neighborhoods, and they have some difficulty with the idea," he said.

He sees opportunity in the dearth of retailers near Jeffery Plaza. "Think about the penetration you could get around here," he said. "You could get all the business."

Because the plaza required a good deal of time to develop, "a lot of banks would have dumped it," said John Long, who led one of the community groups that worked on the development. Shorebank's officials "are not foolish," he added, "but they tend to be more patient than other people."

A Summer Sale on Mortgages

For a limited time this summer, First Union National Bank is cutting 75 basis points off the loan rate in its mortgage program for low- and middle-income families.

The rate has declined to 9.75% from 10.5% at First Union National Bank offices in Georgia, North Carolina, South Carolina, and Tennessee.

"The Affordable Home Mortgage Loan program is one part of our ongoing effort to meet the needs of low- and moderate-income residents of the communities we serve," said Barbara K. Massa, First Union Corp. senior vice president and director of community reinvestment.

"We're happy to make this product more affordable – and housing more accessible – for our customers."

Limit on Income of Borrowers

The Charlotte, N.C.-based bank introduced the loan program in December. Loans are available in minimum amounts of $10,000. Borrowers may put as little as 5% down, and terms extend up to 30 years.

To qualify, the borrower's family income must be no more than 20% of the median in their county.

The down payment may include gifts, may be financed (if included in the debt-to-income ratio), or in some cases may even include sweat equity – work performed by the owner that adds value to the property.

The origination fee charged by First Union is 1% of the loan amount. □

Banks See Older Baby Boomers As Hungry for Financial Planning

Continued from *page 1*

the population to get them out of the triple-squeeze position," said Muriel Van Housen, executive vice president of Sheppard & Associates, the U.S. Bancorp. subsidiary. "Clearly, there is a need for it. If these people are served now, they will be long-time customers of the bank."

The financial planning trade group said that baby boomers are gearing up for future expenses by saving or preparing to save at higher rates than ever before. That can mean more business for banks, it said.

Forced Savings Products

Some are creating so-called forced savings products, in which consumers have a fixed amount of money transferred periodically into an account.

> **Eighty-four percent said caring for aging parents would cut into their leisure time, and 82% felt that their financial security would be affected.**

Marine Midland Bank, a subsidiary of the Hongkong and Shanghai Banking Corp., introduced its Marine Gain package last year, including an automatic savings account, a short-term certificate of deposit that allows $250 additions, and a long-term, high-yielding certificate.

The product is "for very goal-oriented savers," said Cynthia Grochoqina, product manager for savings, CDs, and IRAs at the Buffalo-based bank.

Savings Gets More Stress

In a national survey commissioned by the financial planning association, 75% of 35- to 44-year-olds are already saving or likely to be saving more than they had previously. This compares with 65% of the overall population that has the same savings goal.

The statistics came from a Gallup Organization survey in April of 1,058 households, including 268 in the 35-44 age group. Gallup did more detailed interviews with 400 other people with incomes of more than $50,000.

Many boomers who are seeking help investing their savings for maximum return are turning to financial planners, said the trade group. Banks seeking to capture a larger percentage of this market should offer financial planning services, said Mark Tibergien, treasurer of the IAFP.

Shifts in Personal Finance

Baby boomers faced by those three critical expenses are shifting their finances in different ways, said Mr. Tibergien.

First, individuals are setting priorities for themselves and their dollars. The study found that 59% of the aging boomers worry about their ability to meet all of their financial responsibilities, compared with 46% of the general population that feel the same way.

The boomers acutely feel the need to compromise certain aspects of their lifestyles to make room for the coming expenses. Eighty-four percent said caring for aging parents would cut into their leisure time, and 82% felt that their financial security would be affected. Sixty-nine percent are worried that their standard of living will go down, and 61% are concerned about their ability to save for retirement.

Many Retiring Debt

Many boomers are taking steps to retire debt, said Mr. Tibergien. By reducing their loans outstanding, including credit card, auto, and mortgage, the boomers feel that they are freeing money for other uses.

Yet many boomers are missing the boat, he said. While paying off debt is important, this group should also be encouraged to begin long-term savings programs. Bankers could stress the value of individual retirement accounts and other tax-deferred plans and annuities to this group.

Bankers could also play a role in overcoming the generation's financial pessimism. The IAFP study said 86% of Americans believe that serious inflation is around the corner and 69% think a deep recession is near.

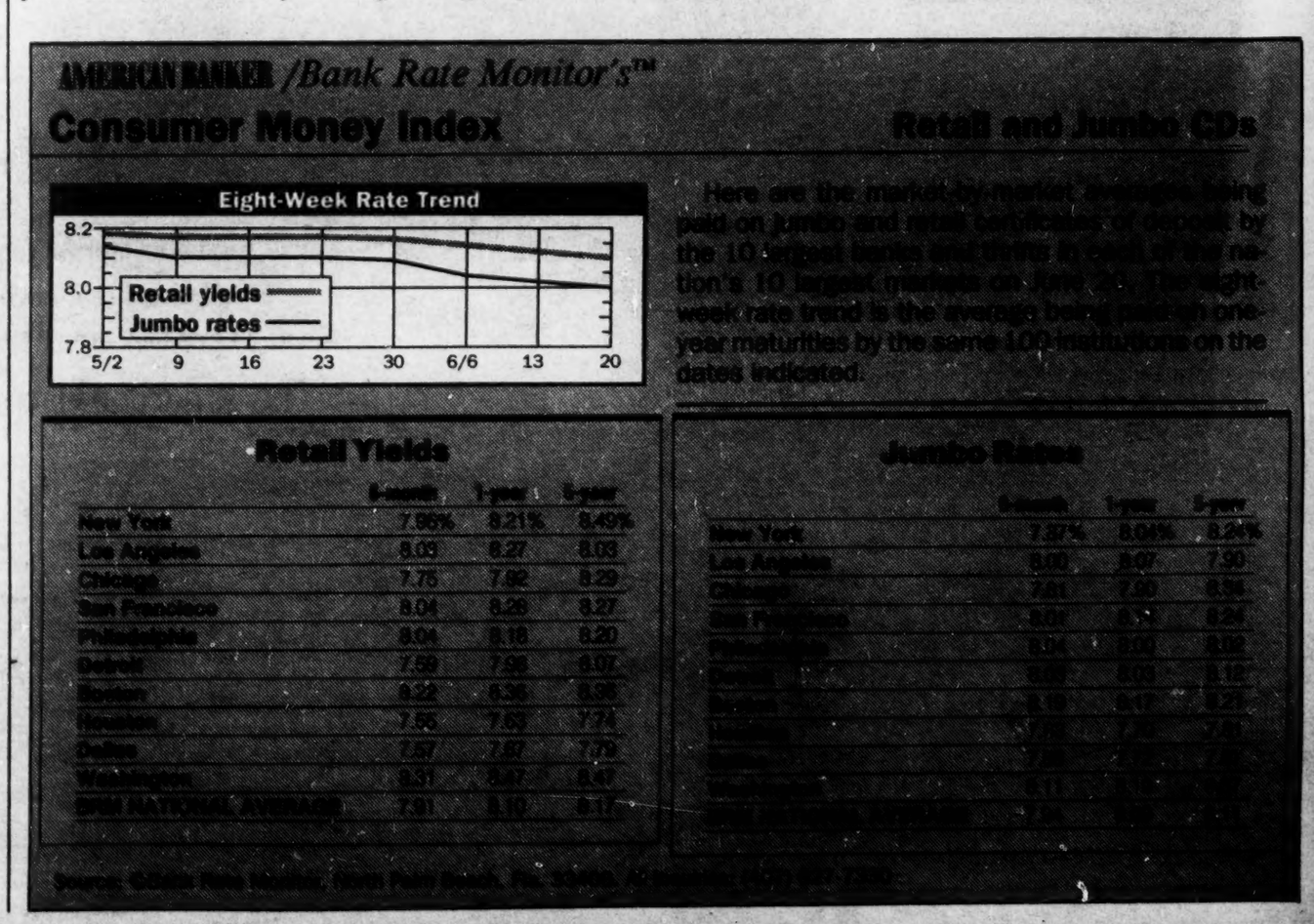
Lack of Planning Blamed

"It's clear that much of this fear grows out of a failure to come to grips with these issues and to do financial planning," said Robert Hewitt, chairman of the IAFP. "A good financial plan will structure savings and investments to successfully weather inflation and recession."

> **"It's clear that much of [Americans' economic] fear grows out of a failure to come to grips with these issues and to do financial planning."**
>
> **Robert Hewitt**
> *International Association for Financial Planning*

People with incomes of more than $100,000 or savings of $1 million are the client base of Sheppard & Associates, and a significant portion of the baby-boom generation fits those categories, said Ms. Van Housen. Clients pay fees on a per-hour basis.

Most U.S. banks have not chosen financial planning as a means to capture baby boomers, she said. Many institutions offer financial planning only to very wealthy people through their private banking operations. □



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Outsourcing Poses Dilemma For Strategists

By KAREN GULLO

NEW YORK — Hoping to cut technology costs while staying on the leading edge of automation, many banks are considering hiring an outside company to run their technology operations. But bankers and analysts say the decision is less clear-cut for larger banks than for smaller ones.

For many years, small to midsize banks have turned to outsourcing, the term for farming out all or part of the data processing operation. Now chief executives at larger banks are sitting up and taking notice, prompted by reports that large corporations are signing outsourcing contracts that promise savings of 40%.

ANALYSIS: *Follow-up on the news*

Determining whether outsourcing is the answer to containing ever-growing technology costs has sparked internal debate at some institutions. Sources said such a dispute recently led to the abrupt departure of the top technology chief at First Fidelity Bancorp, Newark, N.J.

Pitfalls Seen

Gary A. Provo, executive vice president at First Fidelity, opposed an outsourcing proposal backed by top managers, including chairman Anthony P. Terracciano, sources said. Mr. Provo reportedly believed that outsourcing could ultimately cost the bank more than continuing to run its $100 million data center in-house.

No banking company as large as the $30 billion-asset First Fidelity has signed an outsourcing contract.

Sometimes There Is Consensus

Bankers and analysts generally agree that outsourcing makes sense for small and medium-size banks that either cannot afford to fund their own technology units or cannot keep pace with new, complex technology projects such as consolidating data centers or creating integrated banking systems. But larger banks may be better off keeping technology in-house, some say.

Although outsourcing is a fast way to bring down the costs of a technology operation, the bank turns over control of a strategic unit to an outsider and may lose a competitive edge.

In addition, a large bank may be able to realize the cost saving without going through an outsourcer.

"It's very true that there are

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INSIDE NEWS

CONSUMER

NEAL F. FINNEGAN, an executive vice president of Bankers Trust, is the driving force behind the company's push to seize a big chunk of the global private banking market. *Page 6*

SPIEGEL INC., the catalog retailer, said it plans to purchase First Consumers National Bank, a credit card institution in Portland, Ore. *Page 20*

INTERNATIONAL

CITIBANK CONCLUDED a long-awaited agreement in Tokyo for access to the 20,000-strong automated teller network operated by Japan's big banks. *Page 24*

TECHNOLOGY

ROYAL BANK OF CANADA is installing 13,000 personal computers in a multimillion-dollar project to make its retail branch network operate more efficiently. *Page 3*

FINANCE

JAPANESE BANKS may siphon off a source of capital for U.S. banks if they get permission to issue subordinated loans and include them in regulatory capital. *Page 32*

BANC ONE'S winning strategy has been to expand rapidly through acquisitions and yet maintain a high level of performance. *Page 26*

COMMENT

THE FDIC must demand a fair price for the shares of Continental Illinois that it acquired in the 1984 bailout, writes Irvine Sprague. *Page 4*

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FDIC Liable In 12 Texas Bank Failures

By STEVE KLINKERMAN

DALLAS — A federal judge has ruled that the Federal Deposit Insurance Corp., in trying to limit its cost of rescuing 12 insolvent Texas banks last year, illegally provoked the failure of a dozen healthy affiliates.

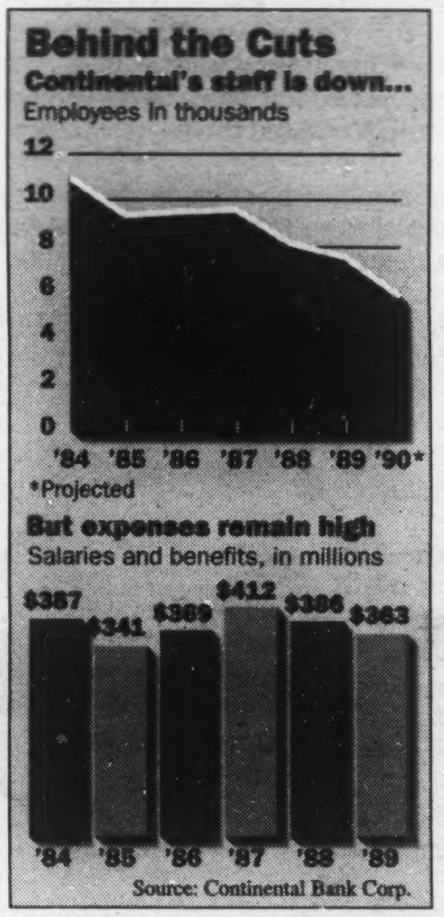
If upheld and extended to similar cases, the decision leaves the agency facing a potential liability of more than $500 million, lawyers say.

Sold to Investor Group

The ruling by U.S. District Judge Robert Sanders on Monday involved Texas American Bancshares Inc., a Fort Worth-based company now in bankruptcy proceedings. All 24 of the company's banks were declared

See **FDIC** *page* **23**

Continental to Lay Off 900, Take $50 Million Chargeoff



By NANINE ALEXANDER

CHICAGO — Continental Bank Corp. became the latest money-center bank to announce a significant staff reduction, saying on Tuesday it would drop 900 employees – 13% of its total – after completing a broad reassessment of its product lines.

The $29 billion-asset company said it would take a $50 million pretax charge for the restructuring, leading to an unspecified loss for the second quarter. Analysts estimated that the deficit would be from $20 million to as much as $50 million, against earnings of $64.1 million in the 1989 second quarter.

Shares of Continental closed at $15.375 Tuesday, down 62.5 cents.

Some Key Areas Affected

Among the areas likely to feel the effects of the cutbacks are global trading and corporate finance, according to spokesman William C. Murschel. Certain product lines, including exchange-traded futures and options, will be eliminated.

The cuts and the expected sale of its 700-employee First Options Corp. subsidiary would bring Continental's work force below 6,000. That would be barely half the 10,900 that the Chicago-based company employed in 1984 when it required a Federal Deposit Insurance Corp. rescue package to overcome bad loans to the oil industry.

The announcement came one day after Chase Manhattan Corp. said it planned to reduce its operating costs by $300 million a year through elimination

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KKR to Withdraw $582 Million In Its RJR Nabisco Refinancing

By STEVEN LIPIN

Even as Kohlberg Kravis Roberts & Co. invests an additional $1.7 billion in RJR Nabisco Inc., the leveraged-buyout firm is looking to withdraw $500 million as well as accrued interest in short-term debt it had previously invested in RJR, according to banking sources.

But banks funding a new $2.25 billion financing package resisted approving a quick redemption of the $500 million in notes; they will allow KKR to redeem the notes only after RJR exceeds budget projections by a certain amount and after all amortization schedules are met, the sources added.

$582 Million at Stake

With accrued interest that has been paid with additional securities, the amount to be redeemed equals $582 million.

KKR, which declined to comment, invested $1.8 billion in equity and $500 million in a subordinated bridge loan as part of its $25 billion buyout of RJR.

See **KKR** *page* **30**

FDIC Anxiously Awaits Arrival of a Fed Loyalist

Washington Bureau

WASHINGTON — At the Federal Deposit Insurance Corp., they're hiding copies of *Mandate for Change.*

The 1987 publication, which outlined the agency's ideas for restructuring the financial services industry, called for dismantling the law that empowers the Federal Reserve to regulate banks.

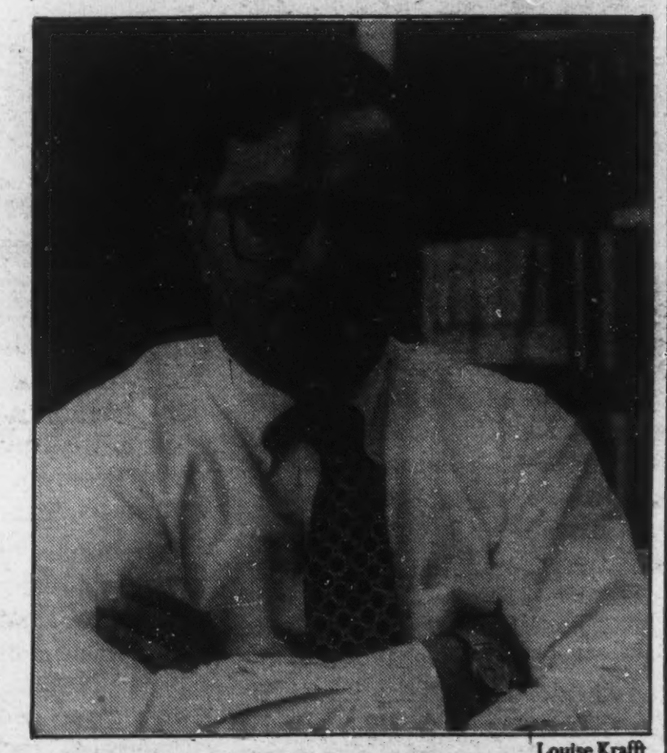
22 Years with the Other Agency.

But now the FDIC faces the likelihood that its next chairman will be a 22-year Fed veteran, William Taylor.

"We don't want to be associated with that book once Taylor gets here," one FDIC staffer said recently.

The staffer was joking, of course, but the quip reflects the deep rivalry that exists between the Fed and the FDIC. It also hints at the mixed feelings some FDIC officials have about Mr. Taylor's expected arrival. On the one hand, Mr.

See **CAN** *page* **16**



Louise Krafft

LIKELY SEIDMAN SUCCESSOR: William Taylor may bring some old views to his new job.

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